

# **PUBLIC ACCOUNTS COMMITTEE**

## **(1967-68)**

### **FIFTH REPORT**

#### **(FOURTH LOK SABHA)**

**[Action taken by Government on the recommendations  
of the Public Accounts Committee contained in  
their 41st, 42nd and 54th Reports (Third Lok  
Sabha) relating to Civil Accounts]**

**VOLUME I**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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**August, 1967/Sravana, 1889 (Saka)**

**Price Rs. : 1.5**

27

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## CONTENTS

	Page
COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE (1967-68) . . . . .	(iii)
INTRODUCTION . . . . .	(v)
I. General . . . . .	1
II. Recommendations/observations in respect of which replies of Government have not been accepted by the Committee and which have been reiterated . . . . .	5
APPENDICES :	
I. List of recommendations of the Committee in respect of which no replies have so far been received . . . . .	25
II. Recommendations observations in respect of which replies of Government have not been accepted by the Committee . . . . .	29
III. Summary of main conclusions/recommendations . . . . .	76
*IV. Recommendations observations that have been accepted by Government . . . . .	
*V. Recommendations observations which the Committee do not desire to pursue in view of the Government's reply . . . . .	
*VI. Recommendations observations to which Government have furnished <i>interim</i> replies . . . . .	
*VII. Minutes of the 19th sitting of the Public Accounts Committee held on 5th August, 1967 . . . . .	

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\*Appendices IV to VII have been printed in Volume II.

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**(1967-68)**

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**SECRETARIAT**

**Shri Avtar Singh Rikhy—*Deputy Secretary.***

**Shri R. M. Bhargava—*Under Secretary.***

## INTRODUCTION

I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this 5th Report on the action taken by Government on the recommendations of the Committee contained in their 41st, 42nd and 54th Reports (Third Lok Sabha) relating to Civil Accounts.

2. On 27th June, 1967, an "Action Taken" Sub-Committee was appointed to scrutinise the replies received from Government in pursuance of the recommendations made by the Committee in their earlier Reports.

The composition of the Sub-Committee is as follows:—

- |  |           |
|--|-----------|
| 1. Shri D. K. Kunte— <i>Convener</i> . |           |
| 2. Shri C. K. Bhattacharyya            | } Members |
| 3. Shrimati Tarkeshwari Sinha          |           |
| 4. Shri M. C. Shah                     |           |
| 5. Shri B. K. P. Sinha                 |           |

3. The Draft Report was considered and adopted by the Sub-Committee at their sitting held on the 7th August, 1967 and finally adopted by the Public Accounts Committee on the 9th August, 1967.

4. For facility of reference the main conclusions/recommendations of the Committee have been printed in thick type in the body of the Report. A statement showing the summary of the main recommendations/observations of the Committee is appended to the Report (Appendix III).

5. The Committee place on record their appreciation of the assistance rendered to them in this matter by the Comptroller and Auditor General of India.

M. R. MASANI,

*Chairman,*

*Public Accounts Committee.*

10th August, 1967.

19th Sravana, 1889 (S).

# I

## GENERAL

In this Report the Committee have dealt with the action taken by Government on the recommendations contained in their 41st, 42nd and 54th Reports (Third Lok Sabha), which were presented to the House on 17th November, 1965, 10th December, 1965 and 10th May, 1966 respectively.

1.2. The number of recommendations contained in each Report and the number out of them to which interim or no replies have so far been received are as follows:—

No. of Report	Date of presentation	Total No. of Recommendations	No. of Recommendations to which no reply has been received till July, 1967	No. of Recommendations to which only interim replies have been received
1	2	3	4	5
41st	17-11-65	252	17	14
42nd	10-12-65	100	50	4
54th	10-5-66	171	69	18

1.3. It would thus be seen that replies to as many as 17 recommendations of 41st Report, 50 recommendations of 42nd Report and 69 recommendations of 54th Report are outstanding for more than one year. List of Recommendations of the Committee in respect of which no replies have so far been received is given in Appendix I.

1.4. It will also be seen that only interim replies have been received in respect of 14 recommendations pertaining to the 41st Report, 4 recommendations pertaining to the 42nd Report and 18 recommendations pertaining to the 54th Report.

1.5. Reminders were issued to the Ministries/Departments concerned to expedite replies to the outstanding recommendations and to furnish final



replies in respect of those to which only interim replies had been sent. It is regretted that despite these reminders the number of recommendations to which either no reply has been received or to which only interim replies have been received remains substantial.

1.6. The Public Accounts Committee have repeatedly been stressing the importance of expeditious and timely submission of notes/statements in pursuance of the recommendations made by them in their Reports. The Committee had even extended in April, 1963\* the time limit for the submission of notes/statements from one month to three months from the date of presentation of the Report to the House. It was expected that the Ministries/Departments would take adequate measures to adhere to this time limit. The Committee also desired that "in cases where it is not possible to submit the notes even during this extended period, a note explaining the reasons for the delay should be submitted to them."

1.7. In their 52nd Report (April, 1966), the Committee again commented upon this aspect and expressed their dissatisfaction over the delay in the submission of replies to them. The Committee observed *inter alia* that they were "perturbed to note that despite this extension of time there has not been much improvement in the position regarding submission of notes to them.... There are several instances where the submission of these notes has been outstanding since 1962-63 onwards".

1.8. The Committee are constrained to observe that, in spite of their repeated recommendations and requests to the Ministries that replies should be furnished within three months, the majority of the Ministries/Departments have not adhered to this target.

1.9. The Committee feel that the delay in initiating action on the recommendations detracts from the value of the recommendations and suggestions, particularly those which have financial implications and call for immediate remedial measures.

1.10. The Committee realise that it may not be possible for Ministries to furnish conclusive information, duly vetted by Audit, within three months of the presentation of the Report to the House. The Committee, therefore, agree to extend the time limit for submitting the action taken notes/statements to the Committee to six months from the date of presentation of the Report to the House.

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\*Please see para 1 of the 12th Report of Public Accounts Committee (Third Lok Sabha).

1.11. The relaxation in the time limit for submission of replies should not be interpreted as implying that the Committee do not attach importance to prompt action being initiated on their recommendations. What the Committee envisage is that the Government should draw up a well thought-out plan for processing the recommendations of the Committee as soon as a Report is presented to the House. The Committee consider that it should be reasonably possible for Government to draft the replies on these recommendations/observations within four months of their receipt and that these should be got vetted by Audit in the next two months so that final replies, duly vetted by Audit, could be sent to the Committee not later than six months of the date of presentation of the Report. With a view to ensuring that this time schedule is adhered to scrupulously, the Committee would suggest to Government that the Finance Secretary (Expenditure) should be made responsible for securing compliance, as a coordinating officer, and he could get the Financial Advisers attached to the different Ministries to watch that a final reply is furnished to the Lok Sabha Secretariat in respect of recommendations concerning the relevant administrative Ministry.

1.12. The Committee would also suggest that Government may furnish replies to all the related recommendations of the Committee concerning an Audit para in a Report in one instalment to facilitate processing and consideration by the Committee.

1.13. Notwithstanding the normal limit of six months indicated above, in such of these cases where the Committee desire to have the Government's reply within a specific time limit, Government should make every endeavour to ensure that replies duly vetted by Audit are furnished within that time limit.

1.14. The statement showing action taken on the recommendations of the Committee contained in their 41st, 42nd and 54th Reports (Third Lok Sabha) have been categorised under the following headings:—

- (I) Recommendations/observations that have been accepted by Government.
- (II) Recommendations/observations which the Committee do not desire to pursue in view of the Government's reply.
- (III) Recommendations/observations in respect of which replies of Government have not been accepted by the Committee.
- (IV) Recommendations/observations to which Government have furnished interim replies.

1.15. In respect of a number of recommendations, which have been included in Appendix IV, the Committee observe that the Ministries have replied as 'noted'. It is not clear from such replies as to what specific

action Government have taken or intend to take to give effect to the Committee's recommendations in letter and spirit. The Committee desire that Government's replies should be explicit and self-contained. In particular, where remedial measures are called for, the details of action taken should be specifically spelt out.

1.16. The recommendations/observations in respect of which Government's replies\* have not been accepted by the Committee and which require reiteration have been dealt with in Chapter II.

1.17. The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them within the next three months, after getting them vetted by Audit.

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\*Committee's recommendations/ observations and Government's replies thereto in full have been reproduced in Appendix II.

## II

### RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH HAVE BEEN REITERATED

#### Ministry of Commerce

*Directorate of Exhibitions, para 2.15—2.23 of 41st Report (Third Lok Sabha) (S. Nos. 22—24).*

2.1. The Committee in para 2.21 of the 41st Report had expressed surprise to learn that an important order of the Government issued in March, 1951, that all insurance business should be done with the Indian Insurance Company Association Pool did not reach the Exhibition Directorate and they continued to book all insurance business with the foreign concerns. The Committee felt that even otherwise the Government Departments were expected to know the policy of the Government on important matters like doing business with the Indian Companies rather than with foreign companies. What distressed the Committee more was that in spite of the fresh circular of the Ministry of Finance in March, 1961, reiterating their orders of March, 1951, the Exhibition Directorate continued to give insurance business till September, 1962 to foreign companies instead of Indian Insurance Companies Pool and this resulted in an extra expenditure of Rs. 1.11 lakhs by way of insurance premium in respect of 9 out of 27 Exhibitions in which Government participated during 1961-62 and 1962-63. The Committee found no justification for the Exhibition Directorate continuing insurance business with the foreign companies after March, 1961.

2.2. The Committee suggested that the whole case should be examined afresh with a view to fixing responsibility for the following lapses:—

- (i) "Why was the circular letter of Ministry of Finance issued in March, 1951 not received in the Exhibition Directorate?
- (ii) In spite of the fact that the foreign companies delayed the settlement of claims, why did the Ministry of Commerce not act promptly on receipt of fresh circular of Ministry of Finance in March, 1961.
- (iii) The circumstances under which it was considered advisable to give preference to the foreign companies over Indian companies."

**2.3. The Ministry of Commerce in their reply have stated:**

**"Efforts were made to trace the old files of 1951 relating to the circulation of the Ministry of Finance orders of March, 1951, that Government insurance business should be placed with the Indian Insurance Companies Associations Pool, in order to investigate the circumstances in which these orders did not come to the knowledge of the Exhibition Branch. These circulation files have been destroyed in the normal course. In the circumstances, it is regretted that it has not been possible to ascertain why the orders in question were not received in the Exhibition Branch."**

\* \* \* \* \*

**"In the orders dated 10th March, 1961, issued by the Ministry of Finance for placing of aviation insurance business with the Indian Aviation Insurers, attention was invited *inter alia* to their earlier orders of March, 1951, regarding the insurance of properties of Government or those under Government Control being made with the Indian Insurance Companies Association Pool. After receipt of these 1961 orders in the Exhibition Branch in May 1961, the feasibility of insuring with the Pool was examined. In view of the peculiar problems of handling, storage, shipment, and clearance and disposal of the exhibition consignments by the shipping the clearing agents at the ports, without any of these items of work being under the supervision of Government officers, and their (shipping and clearing agents) responsibility to satisfy the insurance company about the insured consignments and the claims arising under the terms of the policies, and also in view of the fact that the Indian Insurance Companies Association Pool did not seem to have adequate facilities for giving service at the various countries where exhibitions were being arranged, this Ministry proposed that the existing arrangements for holding the shipping agents responsible for obtaining comprehensive insurance cover for exhibition cargoes might be allowed to continue and the insurance of the exhibition cargoes being done with the Pool be not insisted upon. Although the Associated Finance recommended that in view of the peculiar problems, it was desirable that insurance of exhibition goods should be the responsibility of the shipping and clearing agents handling the goods, the proposal not being finally approved by the Department of Economic Affairs, the insurance of exhibition cargoes was transferred to the Pool in September, 1962."**

2.4. The Committee find it very difficult to accept the plea that the Exhibition Directorate did not receive the Government's directive of March, 1951 to the effect that all insurance business should be done with the Indian Insurance Co. Association Pool. In view, however, of the circumstances explained in detail by the Ministry in their note and the fact that the insurance of exhibition cargoes has since been transferred to Indian Insurance Co. Association Pool, the Committee do not desire to pursue the matter.

### Ministry of Education

#### JAMIA MILLIA ISLAMIA

*Irregularities in the Publication of an Encyclopaedia "Gyan Sarovar", Paras 4.13-4.26. 41st Report (Serial Nos. 50 to 42).*

2.5. The Committee in paras 4.24 and 4.26 of their 41st Report expressing dissatisfaction over the in ordinate delay that had taken place in the publication of 'Gyan Sarovar', which was started in 1952 and had not been completed even after a lapse of 13 years, had pointed out that delay in the publication of Encyclopaedia was mainly due to lack of proper planning and forethought. The Committee had further pointed out that in September, 1957, after taking away the work from Maktaba, it was entrusted to the Research, Training and Production Centre of Jamia Millia. These revised arrangements did not improve the position and the work had to be entrusted to the Publications Division in January, 1960. As the Publications Division had brought out only one more volume in five years, the Committee desired that the matter should be vigorously pursued with the Publications Division.

2.6. The Ministry of Education in their reply have *inter-alia* stated that they are "making all efforts so that the remaining volumes (Volumes IV and V) of Gyan Sarovar may be published at an early date by the Publications Division. It expected that both the volumes would be published by 31st March, 1967. The Publications Division indicated that they will not be able to vet the draft volumes; therefore the Ministry has had volume IV vetted through an expert Shri A. R. Deshpande, former Adviser on Social Education in the Ministry of Education. The material of the Volume V has also been entrusted to Shri Deshpande for vetting. In accordance with an agreement, Shri Deshpande has to be paid Rs. 1,000/- per volume."

2.7. Giving the latest position of the work the Ministry have stated in July, 1967 that "Volume IV is under print and the printing is likely to be completed by end of July, 1967. Volume V—Shri A. R. Deshpande who has been entrusted with the revision of the manuscript is still doing it. He has been asked to expedite."

**2.8. The Committee hope that there will be no undue delay in scrutinising and publishing the remaining volume of "Gyan Sarovar".**

#### RESEARCH, TRAINING AND PRODUCTION CENTRE

*Dispute between Printers and R.T. & P.C., Jamia Millia, Paras 4.30 to 4.33, 41st Report (S. Nos. 54-55).*

2.9. The Committee in para 4.30 had pointed out that out of 25,000 copies of volume II published by the Research, Training and Production Centre, 17,290 copies worth about Rs. 50,000 were not received by Government and were still (October, 1964) lying with the press since 1958 due to certain dispute with the printers, though final payments towards expenditure incurred on the publication was made by Government to the Centre in February, 1963. The Committee had desired that the question should be vigorously pursued, and they should be informed about the outcome of the case and also whether there had been any deterioration in the conditions of the copies due to prolonged storage.

In their reply, the Ministry of Education have stated, "The question of taking over 17,290 printed copies of *Gyan Sarovar* Volume II from Research, Training and Production Centre which have been withheld by the press due to a dispute, is being pursued vigorously. Meetings between the official of this Ministry and of the Jamia Millia were arranged to know the nature of the dispute and to find a way out to settle the Research, Training and Production Centre's dispute with press. The response from the Jamia Millia has not been very encouraging, partly because their staff who dealt this matter are no longer with them. The Ministry, is, however, still pursuing the matter. The final outcome of the case will be intimated to the Public Accounts Committee. About the present condition of the copies due to prolonged storage with the press, the Ministry is not in a position to state anything regarding the same at present. This, alongwith the settlement of accounts of unutilised paper, will be done only after the whole matter has been sorted out with the Research, Training and Production Centre."

2.10. The Ministry in their latest note of July, 1967 have stated that "In a meeting held with the representatives of the Jamia on 17th July, 1967, it was agreed that the matter should be brought immediately before the Executive Board of Jamia for getting funds and directions to sue the press, under intimation to this Ministry. After settlement of the dispute with the press, Jamia should arrange to get the objectionable expression 'Hanuman Langoor' expunged from the printed copies, and also furnish a full account of the present condition of the copies due to prolonged storage as also the accounts in respect of the unutilised paper lying with the Press."

2.11. The Committee are constrained to observe that the question of taking over 17,290 printed copies of Gyan Sarover (Volume II) and unutilised paper with the printers has not been settled so far despite the lapse of nine years. The Committee will like the Ministry of Education and Jamia Millia to take early action in the matter so as to safeguard the financial interests of the Government as money had already been advanced by Government for this publication.

#### Jamia Millia Islamia

*Outstanding audit objections—Para 4.233 of 41st Report, Serial No. 108.*

2.12. The Committee in Para 4.233 of their 41st Report (Third Lok Sabha) expressing concern over the delay in the settlement of audit objections by the Jamia Millia Islamia had pointed out that the bulk of audit objections relating to the period 1955-56 to 1959-60, which were sent to the Jamia in 1961-62 had not been finally settled. No replies to the Audit Reports for 1960-61 to 1962-63 had been furnished to Audit. The Committee had, therefore, desired that the Ministry or their representative in the Governing Body should keep a special watch over the state of accounts and audit objections brought to the notice of the Jamia with a view to ensure their speedy settlement. The Committee had also hoped that the disposal of outstanding objections would be expedited.

2.13. The Ministry of Education in their latest reply (July, 1967) have stated that the outstanding objections are being disposed of with speed and the present position in respect of the audit paras upto 1963-64 was as under:—

Year	No. of paras of audit objections	No. of paras settled	No. of paras outstanding as on 28-7-67
1955-56 to 1959-60	47	36	11
1960-61	18	14	4
1961-62	21	16	5
1962-63	11	8	3
1963-64	28	18	10

The Ministry have also stated that they have asked the Jamia Millia to liquidate the outstanding objections early.

2.14. The above statement indicates that 33 paras were still to be disposed of on 28th July, 1967. Out of these 33 paras 11 paras relate to the



period 1955-56 to 1959-60. The Committee will like the Institute to make concerted efforts to clear the outstanding objections early, particularly those which are pending for more than five years. The Committee will also like the Jamia Millia to ensure that in future the Audit objections are disposed of without delay.

*Non-recovery of advances, Para 4.239 of 41st Report (Serial No. 112).*

2.15. The Committee in para 4.239 of their 41st Report had commented upon the non-recovery of advances amounting to Rs. 61,133 and desired that 'vigorous efforts' should be made to recover the outstanding advances. The Government have in reply stated that Jamia Millia have intimated that the lists of Sundry Debtors have been completed, and the position of recovery of advances on 31st March, 1967 was as under:

Item	Balance on	
	31-3-62	31-3-67
	Rupees	Rupees
Against Provident Fund	17,323.90	1,822.48
Advances	62,681.63	13,167.55

2.16. The Committee note that the long pending accounts of the Jamia Millia have since been finalised and that considerable progress has also been made towards the recovery of advances given against Provident Fund and other advances. They hope that the Jamia Millia will continue to make further efforts to recover these outstanding advances and will ensure that in future recovery of such advances is not allowed to go into arrears.

#### CAMPUS WORKS PROJECTS SCHEME

*Paras 4.333 and 4.334 of 41st Report (Serial Nos. 134-135).*

2.17. In para 4.333 of 41st Report, the Committee desired that Government should consider the question of recovery of the amounts from the institutions concerned in respect of incomplete Campus Works Projects.

2.18. In their reply the Government have stated, "All possible persuasion and pressure is being put on the educational institutions directly and also through the State Governments/Universities to complete the projects without any further delay or refund the Central grant, and take effective measures in settlement of the accounts. A written warning is being invariably given to the institutions for refund of grants and efforts are being made

to make it effective through the State Governments/Universities. A small portion of the grant is withheld till the accounts are settled finally." They have also evolved a procedure according to which "such institutions whose performance is slow, have also been asked to furnish bonds duly executed with two sureties and it had a salutary effect towards early completion of the projects". They have been able to secure 16 bonds only duly executed out of 76 incomplete projects. The reason given by the Ministry for this small number is that "initially there was no such condition in the rules under which grant-in-aid was paid to the educational institutions."

2.19. The Committee note that the number of incomplete campus works projects had come down from 161, involving Rs. 33.18 lakhs, as in September, 1964 to 76, involving grants-in-aid of Rs. 18.30 lakhs in July, 1967. They also note that Government have since been able to obtain 16 bonds from the school authorities in respect of incomplete projects. The Committee need hardly stress that every effort should be made to expedite the completion of these projects and that in the meantime, surety bonds should be taken from the school authorities concerned for the remaining 60 projects.

2.20. The Committee find that the Government have since decided to transfer the Campus Work Project Scheme to the State Sector. The Committee understand that due to financial stringency, no fresh projects are being sanctioned at present. The Committee suggest that the Ministry of Education should keep a close watch on works transferred to State Sector and make a careful evaluation of the scheme with a view to frame guidelines and suitable rules and regulations to ensure that irregularities noticed in the implementation of the scheme do not recur.

#### COUNCIL OF SCIENTIFIC AND INDUSTRIAL RESEARCH

*Loss in investments, Para 4.347 of 41st Report, Serial Nos. 137-39.*

2.21. The Committee had in para 4.347 of their 41st Report expressed surprise as to how the Council of Scientific and Industrial Research had withdrawn in January, 1962 a sum of Rs. 26.50 lakhs representing the employers' contribution to provident fund from their long-term investments in National Plan Certificates in the name of setting up a pension fund, without consultations with the Ministry of Finance, and before a decision was taken by Government to create such a fund.

2.22. The Committee was also not happy over the loss of Rs. 1.41 lakhs suffered by the Council by way of lesser receipt of interest as a result of transfer of the money from the long-term deposits to short-term deposits and subsequently to the current account of the Council. The Committee had also pointed out that Government had thereby been deprived of the benefit of investing the money in useful plan projects. The Committee had desired

that an early decision should be taken with regard to setting up of the pension fund or transferring the pension liability to Government as in the case of any other Government department.

2.23. The Council of Scientific & Industrial Research have stated *inter-alia* in their reply dated 20th March, 1967 that "The Government in consultation with the Comptroller & Auditor General have decided that a Pension Fund need not be created. The Defence Certificates/National Planning Certificates etc. wherein the CSIR Provident Fund moneys have all along been invested, accrue a rate of interest of 4% for 5 years which is much less than what is obtainable and is being obtained from short-term deposits with the State Bank of India. The rate of interest for short-term deposits for 91 days is 5%. Therefore, the Public Accounts Committee's observations that the money should be deposited in the way it would bring in maximum return to the Council has been met."

2.24. The Committee desired to know the final disposal of the employers' contribution to Provident Fund since it had been decided not to set up the Pension Fund. The Committee have been informed by the Council of Scientific & Industrial Research in a note dated 7th July, 1967 that "Since it has been decided by the Government that Pension Fund need not be created, the question of keeping such an amount separately does not arise. It has ceased to be separate fund. No accounting or legal requirement is attracted by the use of this money as ways and means advance."

2.25. The note of the Council of Scientific & Industrial Research further states:

"As to whether the amount should be returned to the Government, we had expressed our difficulties to the Government of India regarding the ways and means problem particularly in the end of March and in the month of April. We also drew their attention to the recommendations of the Governing Body, CSIR and Finance Sub-Committee of CSIR, of which the Joint Secretary of Ministry of Finance was member that CSIR should have an opening balance of one month's expenditure. This comes to about Rs. 1.50 crores, as against the balance of only Rs. 1.04 crores on 31st March, 1966 (which includes the amount of "pension fund"). It was our experience that the last instalment of the Government grant is received very late in March and thus makes it impossible for us to spend the amount by end of March. At the same time, the first instalment in the next year is received with the best of efforts by end of April, with the result that even with this "Pension Fund" amount with us, we are just able to pay the salaries on the 1st of April, leave alone meet the other expenditure in April. Looking into all these practical aspects, we have again moved Government for allowing us to retain this amount."

2.26. The ~~Committee~~ note from the reply received from the C.S.I.R. that ~~Government~~ have not approved the setting up of the Pension Fund by the C.S.I.R. They also find that the amount of Rs. 26.50 lakhs representing the employers' ~~contribution~~ to the Provident Fund, which was stipulated by Government to be refunded to them, was transferred by the C.S.I.R. in March, 1963 to their current account and since then is being utilised by the Council as a "ways and means advance", without any specific approval of the Government. The Committee would like the Government to look into the matter without delay and settle the final disposal of Rs. 26.50 lakhs, representing the employers' contribution to the Provident Fund.

*Publications--paras 4.356-4.362 of 41st Report, (S. Nos. 143-144)*

2.27. In paras 4.361 and 4.362 the Committee has observed that the expenditure on the Council's Publication Directorate as compared to the income derived from the sale of publications, was very much on the high side and that the wide gap between the expenditure and the sale proceeds should be investigated. They also suggested that it should be examined whether the pricing policy of the publications needed any revision to narrow the gap between the expenditure and income.

2.28. The Committee also desired that the Directorate should prepare its proforma accounts showing the profits and losses in respect of the different publications. As regards the weeding out of old publications, the Committee desired that these publications should be reviewed periodically and unwanted publications should be disposed of. It should also be examined as to what extent the number of printed copies of future publications could be reduced taking into consideration the Directorate's past experience about their sale. The Committee also suggested that how far these publications have been useful should be assured by an Independent and competent body.

2.29. The Council have furnished a detailed reply. In their note they have *inter alia* stated that "the incomes of the Directorate from the sales of publications was 1.096 lakhs as against the expenditure of Rs. 16.84 lakhs in 1965-66. Reduction in the expenditure on the staff is out of question and the small saving effected by cutting down the cost of production is too meagre a sum to be of any significance. No savings are possible from the capital grant which is only to the tune of Rs. one lakh. Thus, any attempt to bridge the gulf, not the gap, between the expenditure and income of the Directorate, in view of the objective for which the Publications and Information Directorate was established, is bound to be futile."

2.30. The Committee note from the reply of the Council of Scientific and Industrial Research that a Publications Appraisal Committee consisting of the Scientists incharge of the Publications and Information Directorate as Chairman and about 7 other senior officers were appointed on 6th April, 1966. This Committee was to look *inter alia* into the following aspects of publications :—

- (i) The pricing policy to be laid down and reviewed at reasonable intervals.
- (ii) To take steps as and when necessary to reduce the gap between the expenditure and income on publications.
- (iii) To have the proforma accounts prepared every year on the lines desired by P.A.C. separately in respect of each publication.
- (iv) Weeding out of all such publications, blocks, etc. as are no longer in demand and disposal thereof as per prescribed procedure.
- (v) To decide the number of each publication to be printed keeping in view the sale prospects thereof.
- (vi) To devise ways and means for promoting sales in general and particularly of such publications as have not commanded the sales even to the minimum extent expected.

2.31. The Committee have, however, neither been informed of the recommendations, if any, made by the Publication Appraisal Committee nor the action taken by the Council in pursuance thereof. The Committee cannot help feeling that the need for reducing the gap between the expenditure and sale proceeds of the publications of C.S.I.R. has not been taken in all seriousness.

2.32. The Committee, however, note from the latest reply received from the C.S.I.R. in July, 1967 that the C.S.I.R. propose to set up another Committee to go into the costing, pricing and accounting of the publications. The Committee cannot stress too strongly the need for urgent action in the matter.

2.33. The Committee had also recommended that an independent body should be appointed to consider the usefulness of the publications brought out by the Publications and Information Directorate. The Committee are not convinced by the reasons advanced by the C.S.I.R. for not accepting this recommendation on the ground that the work of the Publication & Information Directorate was being reviewed by the various Editorial Boards in the Publication & Information Directorate as also by its Executive Council. Keeping in view the fact that the expenditure on the publications

of C.S.I.R. was of the order of Rs. 16.84 lakhs in 1965-66 as against an income of Rs. 1.10 lakhs, the Committee feel that there is need for appointment of an expert body critically to examine the usefulness of the publications brought out by the Publications & Information Directorate with a view to effect economy and enhance their utility.

### Ministry of Education

*Annual physical verification of stock of all the Institutes of Technology—  
Para 4.450 of 41st Report (Serial No. 165).*

2.34 In para 4.450 of the 41st Report (Third Lok Sabha), the Committee had emphasised the need of conducting annual physical verification of stock regularly by all Indian Institutes of Technology and desired that the Ministry of Education should devise a suitable machinery for this purpose.

2.35. In their reply, the Ministry of Education have stated that the Indian Institute of Technology, Bombay has made necessary arrangements for physical verification on a yearly basis and it would be done regularly in future.

2.36. The Committee are glad to note that necessary action has been taken by the I.I.T., Bombay for conducting an annual physical verification of stock regularly by appointing stock verifiers but they note that no mention has been made by the Ministry of Education whether any action has been initiated by the other Institutes as well. The Committee would like to be informed of the action taken by them at an early date.

### NATIONAL COUNCIL OF EDUCATIONAL RESEARCH AND TRAINING

*Evaluation of the Working of N.C.E.R.T.—Paras 4.458 to 4.463 of 41st Report (Serial No. 168).*

2.37. The Committee in para 4.463 of their 41st Report (Third Lok Sabha) had desired to be informed whether an Internal Evaluation Committee, which Government proposed to appoint, had since been appointed to evaluate the working of National Council of Educational Research and Training (N.C.E.R.T.) and the findings thereof.

2.38. The National Council of Educational Research and Training, in their reply, have stated *inter-alia* that "The recommendations of the Public Accounts Committee were considered by the Governing Body of the National Council of Educational Research and Training at its meeting held on the 11th February, 1966. The Governing Body expressed the view that, since the National Council had been set up only four years ago, its activities were

still in a developmental stage, and needed another four to five years to be consolidated. Dr. Hayden, a UNESCO expert had made about 18 months ago a comprehensive assessment of the work of the Council and submitted a valuable report. He had also made recommendations regarding the lines along which the future work of the Council should be deprived. The National Council also periodically reviewed the work done on the basis of the annual reports submitted by the Governing Body. Further, the programmes of research, training and extension services would have to be re-formulated after the Education Commission has submitted its report. In these circumstances, the Governing Body did not consider it necessary to appoint an internal evaluation committee at this stage."

2.39. The Committee note that Government's proposed for the setting up of an internal evaluation Committee was not agreed to by the Governing Body of the National Council of Educational Research and Training at its meeting held on 11th February, 1966 primarily for the reasons that a UNESCO expert had made a comprehensive assessment of the working of the Council about 18 months earlier and that the activities of the Council were in a developmental stage.

2.40. The Committee would like to draw attention again to the observations made in para 4.460 of their 41st Report wherein they had pointed out that the percentage of cost of administration of the Council had increased from 13.8% in 1962-63 to 20.9% in 1963-64. They also notice from the Audit Report of the Council for the year 1965-66 that the expenditure on pay and allowances and contingencies in 1965-66 had gone up by Rs. 41.06 lakhs i.e. 91% as compared to the preceding year. The Committee, therefore, feel that an expert Committee be set up, to evaluate the working of the National Council of Educational Research and Training so that its working is guided on sound lines right from the developmental stage.

**Ministry of Food, Agriculture, Community Development and Co-operation**

(DEPARTMENT OF FOOD)

*Submission of despatch advices and liquidation of arrears—Para 6.17 of 41st Report (Serial Nos. 221-222).*

2.41. The Public Accounts Committee in para 6.17 of their 41st Report (Third Lok Sabha) had emphasised that vigorous steps should be taken by the Department of Food to expedite the submission of despatch advices which were essential documents for adjustment of sale accounts. In particular, the Committee had pointed out the heavy accumulations which had occurred in that respect in the Eastern Region and desired that administrative machinery should be tightened up to improve the position.

2.42. In their reply, the Department have stated that as on 12-8-1966, out of a sum of Rs. 51.90 crores representing the figures shown outstanding in the Audit Report (Civil), 1965 for the period 1961-62, 1962-63, and 1963-64, a sum of Rs. 1.25 crores remained to be reconciled and out of this amount a sum of Rs. 0.55 crore related to the Eastern Zone. For the year 1964-65, against Rs. 73.55 crores mentioned in the Audit Report (Civil), 1966, submission of sale documents to the extent of Rs. 3.08 crores (including Rs. 57 lakhs for the Eastern Region) remained outstanding. Instructions were issued to the Regional Directors (Food) to pay special attention to the submission of the sale documents. The Regional Directors (Food) in the Eastern and Western Regions "where conditions were still not satisfactory" were instructed to clear the outstandings immediately and have maintained that with constant watch the position would improve and no change was necessary in the procedure at present.

2.43. The Department of Food have concluded:

"The state of accounts in the Eastern Region both with regard to the submission of sale documents and regularisation of transit and storage losses although better than before is not yet fully satisfactory and special squads have been set up for liquidating the backlog of arrears. It is hoped that within the next six months, the position will improve considerably."

2.44. The Committee, however, find that in the latest Audit Report, 1967, it has been pointed out that receipt of sale accounts and despatch advices in respect of the period upto 31st March, 1966, was in arrears to the extent of Rs. 78.74 crores at the end of September, 1966 which was reduced to Rs. 41.99 crores at the end of December, 1966, which included Rs. 2.39 crores for the period upto 31st March, 1965. The Audit Report has also pointed out that "the delay in the receipt of despatch advices in respect of sales to Government consignees has also resulted in considerable amounts due to Government remaining unrealised for several years."

2.45. It would, therefore, appear that the measures taken by Government so far have not resulted in reduction of arrears or prevention of their accumulation. The Committee would like Government to review thoroughly the position and intensify the measures to clear the arrears and ensure that they are not allowed to accumulate in future. The Committee would in particular like to emphasise that Government should take remedial measures to ensure that amounts due from Government consignees do not remain unrealised.



**Foodgrains rendered unfit for human consumption due to damage—Para 6.38 of 41st Report (Serial No. 228)**

2.46. While regretting that a substantial quantity of 7,430 tonnes of foodgrains was rendered unfit for human consumption due to damage, the Public Accounts Committee in para 6.38 of their 41st Report desired that the causes of the damage might be probed into and suitable steps taken to ensure that such wastage was avoided in future.

2.47. The Department of Food in their reply have categorised the damage under the following heads:—

Ship damage	6105·368 tonnes
Rail/road transit damage	473·755 "
Godown damage	217·316 "
Other Causes	633·080 "

2.48. According to the Department, Ship damages, which in the present case is the single largest factor for the loss of foodgrains, are caused due to encounter with rough weather *en route*, accidents and "perils of the sea". While damages can be claimed for accidents, no claims are tenable for damages caused due to the "perils of the sea", under the Maritime Law. While all possible steps to remedy the causes which lead to damage of foodgrains in transit and storage are taken, the Department have stated that some damage due to the causes beyond human control was inevitable while handling lakhs of tonnes of Foodgrains.

In particular, the Department have taken the following steps to avoid storage losses:—

- (i) Construction of modern godowns having high plinth, damp-proof flooring and strong roofing.
- (ii) Adoption of modern techniques of maintenance and preservation of foodgrains.
- (iii) Release of unsuitable hired godowns.
- (iv) Intensification of use of damage.
- (v) Timely inspection of godowns and their timely repairs.

2.49. The reply received from Government does not indicate the break up of 6,105 tonnes of foodgrains damaged in sea journey owing to "perils of sea" for which no responsibility attaches to vessel owners and those damaged due to other accidents, which attract shipowners' liability for damage. While the Committee would like Government to keep a careful watch on the extent and percentage of damage suffered by food-grains during ship journey

owing to "perils of sea", they need hardly stress that every effort should be made to recover the amount due where shipowners' liability is attracted under the terms of shipping.

### **Ministry of Health**

*Purchases made from a firm—para 2.48 of 42nd Report, 1965-66 (Serial No. 25)*

2.50. The Committee in para 2.48 of their 42nd Report had stated that they were "surprised to note that even after procurement supplies were suspended from the firm in August 62, the purchases were still made during April 63 to March 64. They desired that the circumstances under which the purchases were made from the firm in question, may be enquired into and responsibility fixed.

2.51. From the Ministry's reply, the Committee find that there is no such procedure for enrolling a firm on the approved list of suppliers. Each hospital draws its own list of such suppliers independently. It has been further mentioned that in so far as M/s. Guruko Pharma was concerned, there were many complaints from C.G.H.S. specialists about the quality and efficacy of the drugs supplied by this firm. As a result of the complaints, this firm was removed from the list of suppliers from August, 1963, so far as the C.G.H.S., was concerned.

It is seen from the Ministry's reply that supplies continued to be procured from this firm by other sister organisations and by the D.G.S. & D. The Committee feel if the medicines supplied by this firm were not of approved quality and efficacy, the matter should have been investigated thoroughly and other Government agencies like D.G.S. & D., Medical Stores Depot, Hospitals should have been advised etc. not to buy sub-standard medicines from this firm. The Committee would like the Ministry to evolve a suitable procedure to effect a better coordination in this regard for the future."

### **54TH REPORT**

#### **Ministry of Industrial Development and Company Affairs**

(Deptt. of Industrial Development)

*Non-recovery of instalments of loans—Para 5.34 of 54th Report, (S. No. 49)*

2.52. In Paras 5.1 to 5.34 of the 54th Report the Committee had dealt with the case of non-recovery of instalments of loans given to a Co-

operative Society. After discussing the case in detail the Committee observed *inter alia* that they may be informed of the final position of the recovery of the outstanding dues from the assets of the society.

253. The Government have stated in their note that out of the total amount of two loans of Rs. 2.55 lakhs, "an amount of Rs. 1,52,834.42 has been realised by auction of the assets of the defunct society. In addition Rs. 3,711.69 have been recovered by the liquidator from the sundry debtors, who are mostly non-members. Action for recovery of the balance dues from the other debtors is proposed to be taken by the liquidator through the Civil Court. The latest position regarding the liquidation proceedings as indicated by the liquidator is that the assessment orders are being passed against the liable members and recovery will be effected through the Revenue authorities". They have further added that legal approach being a complicated and lengthy affair "date by which the liquidation proceedings are likely to be completed cannot be given".

2.54. The Government have also mentioned that "According to A.G.C.W. & M. who maintains the accounts, against the total amount of two loans of Rs. 2.55 lakhs granted to the society, amounts of Rs. 2,000 and Rs. 45,450 have been deposited in Government account towards principal and interest respectively. The balance amount of principal due from the society is, therefore, Rs. 2.53 lakhs. The amount of interest payable by the society as on 31-3-67 works out to Rs. 17,865.80. The A.G.C.W. & M. has further stated that nine credits amounting to Rs. 1,09,930.65 stated to have been deposited by the liquidator have not been received in that office and that the matter is under correspondence between the liquidator and the A.G.C.R."

2.55. The Committee note that a sum of Rs. 1,56,546 has been recovered from the defunct society. They would like the Ministry in consultation with the Accountant General (Commerce, Works & Miscellaneous) to take up expeditiously with the liquidator the question of locating the Rs. 1,09,930.65, alleged to be credited by the liquidator on behalf of the defunct society.

#### **Ministry of Steel, Mines & Metals**

(Formerly Ministry of Iron & Steel)

*Delay in recovery of surcharge—Paras 6.34 to 6.35 of 54th Report (Serial No. 59)*

2.56. In paras 6.34 to 6.35 of their 54th Report (Third Lok Sabha) the Committee dealt with the cases regarding delay in recovery of surcharge from some firms. After discussing the whole affair the Committee observed in paras 6.34 to 6.35 as under: "The Committee cannot resist the feeling

that the party secured for itself a favour from the Office of the Iron & Steel Controller where for reasons unknown, all rules and regulations were set at naught and the Government machinery seemed to have worked more to uphold the interest of the party than that of the Government." After listing a number of lapses committed in the case, the Committee observed in para 6.34, "It is inconceivable that multiple lapses have occurred only in the case of a particular firm." They urged that "a thorough investigation should be made into this case for the various lapses at different stages and that the delinquent officials should be dealt with suitably."

2.57. The Department of Iron and Steel have stated that out of 40 Letter Orders issued in 1961, 7 were defective. The defect in the Letter Order in not containing any provision regarding surcharge or the Letter Order having not been endorsed to surcharge section, was not merely restricted to this particular firm but such a defect was a general one. It is logical to conclude, the Ministry have added, that "a particular party did not secure for itself favoured treatment in this case from the office of the Iron and Steel Control. Indeed there have been lapses in the matter of issue of Letter Orders but those lapses were applicable to quite a number of firms rather than deliberate and restricted to one particular firm". The Ministry have in the end stated that "no special favouritism was deliberately shown to this firm by the Iron and Steel Control Organisation. The question of fixing responsibility for the procedural irregularities that occurred in various stages is, however, being looked into. The case has also been brought to the notice of the Sarkar Committee, which has been appointed on the recommendations of P.A.C. in their 50th & 56th Reports."

2.58. In view of the fact that the case has been brought to the notice of the Sarkar Committee, which has been appointed by Government in pursuance of the recommendations contained in the 50th and 56th Reports of the Public Accounts Committee, they do not desire to comment on the matter at this stage.

*Extra Expenditure—paras 6.36—6.47 of 54th Report (Serial No. 60)*

2.59. The Committee in para 6.47 referring to a case where a contract had been given for the import of 4,708 long tons of mild steel sheets for Posts and Telegraphs Department, had concluded that the chain of events that occurred in the case did not rule out the possibility of collusion between the firm and the officials. The Committee had concluded:

"Since the matter has already been referred to Central Bureau of Investigation for verification, the Committee would like to be informed of the findings and the action taken thereon."

The Ministry have in their reply stated:—

“The recommendations of the P.A.C. have been noted. Action as desired by the P.A.C. will be taken on receipt of the report of the Central Bureau of Investigation.”

2.60. The Committee find that the case was referred to the Central Bureau of Investigation in August, 1965. The Committee cannot too strongly stress the need for completion of enquiries early by the Central Bureau of Investigation in this and similar other cases so that departmental action can be taken without undue delay.

**Ministry of Labour, Employment and Rehabilitation**  
(Department of Rehabilitation)

*Extra expenditure for the purchase of a machine—Para 8.98 of the 54th Report (Serial No. 91)*

2.61. In para 8.98 of the 54th Report of P.A.C. (Third Lok Sabha), the Committee had desired that responsibility should be fixed for the perfunctory inspection of the Crankshaft Grinder 60" by officers of the Dandakaranya Project and the DGS&D before it was purchased.

In their reply, the Department of Rehabilitation have stated that in view of the fact that the Inspecting Officer of the DGS&D had the primary responsibility for passing the stores, no further action is necessary for fixing responsibility in so far as the Divisional Engineer is concerned. They have also stated that the DGS&D is also of the view that there was no case of acceptance of defective stores and as such no action can be initiated for fixing the responsibility on the Inspecting Officer concerned.

2.62. The Committee are unable to accept the Government's contention that no action is called for either against the engineering officer of Dandakaranya or against the Inspecting Officer of DGS&D for the acceptance of the Crankshaft Grinder 60", which on installation, was found to give unsatisfactory service. The Committee would like Government to examine the matter again with a view to fix responsibility for incurring an extra expenditure of Rs. 12,000 because of issue of urgency certificate for purchasing Crankshaft Grinder 60" when more than two years were taken after receipt to instal and make it operative.

2.63. The Committee are also unable to appreciate the suggestion of the Divisional Engineer (Reclamation) that a certificate should be taken from the supplying firm to the effect that "machine has not been used by them". The Committee need hardly point out that the certificate should have been taken in unambiguous language to make sure that the machine had not been used by any one and that it was in brand new condition.

2.64. The Committee consider the discrepancy between the note recorded by the Divisional Engineer (Rasamati) dated 29th August, 1960 that "apparently the machine looked to be brand new", and the Works Manager's later statement that the machine had been "highly used before being sold" to be quite serious.

2.65. The Committee would, therefore, urge the Departments of Rehabilitation and Supply jointly to institute a departmental enquiry into the matter and fix responsibility.

### Ministry of Works, Housing & Supply

(Department of Supply)

*Extra-expenditure due to delay in taking purchasing decision; Paras 10.11 to 10.13 of 54th Report (Sl. Nos. 117-118).*

2.66. In paras 10.1 to 10.13 the Committee had discussed in detail the purchases of boot accessories. The Committee had concluded that the bulk of order was given to a party who had not quoted at all. The Committee opined that it violated the sanctity of the tender system and provided scope for favouritism etc. The Committee desired that immediate steps should be taken to expedite the completion of the enquiry already instituted into the case and fix responsibility for the failures which had contributed to the loss.

2.67. Government have stated in their reply dated 31st July, 1967 that "The Departmental proceeding instituted against the officials concerned have not yet been finalised. Action to have the same expedited is being taken."

2.68. The Committee are constrained to observe that even after one year of their making the recommendation for expediting the enquiry into the case the investigations have not yet been completed. They need hardly stress that the Departmental Enquiry should be finalised without any avoidable delay and action taken against all those who are found responsible for the lapses.

### Ministry of Works, Housing & Supply

*Construction of a Bridge over River Subarnarekha—Paras 12.19 to 12.23 of 54th Report (S. No. 157)*

2.69. In paras 12.19 to 12.23 of the 54th Report of P.A.C., the Committee had pointed out the delay of three years on the part of the Executive Engineer in accepting the defects pointed out by the Chief

Technical Examiner and assessing the overpayments made to the contractor. They desired to be informed of the action taken by Government to fix responsibility for the various lapses.

2.70. The Government have stated in a note that "The Executive Engineer was reasonably prompt in replying to the Chief Technical Examiner and in accepting the recoveries pointed out by him." The Executive Engineer in December 1961 intimated to the Chief Technical Examiner that "the necessary recoveries would be made." To support promptness of the action taken by the Executive Engineer, the Government have enclosed a Chronological statement and have concluded: "In the circumstances it is felt that there has been no lapse on the part of any individual and the question of fixing responsibility does not arise."

2.71. The Committee find that the chronological statement does not make satisfactory reading. Obviously, the Executive Engineer should have taken the initiative on his own to collect the information by deputing someone to the office of the Iron & Steel Controller. The only extenuating circumstance is that the Executive Engineer had intimated as early as December, 1961, to the Chief Technical Examiner that the amount would be recovered and this was in fact recovered in May 1965. While the Committee do not want to pursue this individual case, they cannot stress too strongly the need for attending promptly to the directives and instructions issued by the Chief Technical Examiner in the Ministry of Works, Housing & Supply, so as to ensure that necessary recoveries are made from the contractors for defective work and for other deviations, without avoidable delay.

10th August, 1967.

19th Shrawana, 1889 (Saka).

M. R. MASANI.

Chairman,

Public Accounts Committee.

## APPENDIX I

(Vide para 1·3 of Report)

*List of Recommendations of the Committee in respect of which no replies have so far been received.*

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Para No. of P.A.C. Report	Serial No.	Ministry/Department concerned
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### CIVIL ACCOUNTS

#### *1st Report-Appendix LIII*

2·35	27	Commerce
2·38	28	
2·41	29	
2·45	30	
2·49	31	
2·52	32	
2·58	33	
2·62	34	
4·457	167	Education
5·46	178	Food & Agriculture (Department of Agriculture)
5·47	179	
5·48	180	
5·49	181	
5·50	182	
5·56	183	
5·57	184	
5·59	185	

#### *2nd Report-Appendix XV*

2·24	20	Works & Housing
2·92	35	
2·94	36	
2·97	37	
2·100	38	
2·103	39	
2·105	40	
2·110	41	
2·113	42	
2·116	43	
2·120	44	
2·123	45	

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Para No. of P.A.C. Report.	Serial No.	Ministry Department concerned
3·9	52	Home Affairs
3·10	53	
3·17	54	
3·20	55	
3·22	56	
3·24	57	
3·28	58	
3·31	59	
3·65	66	
4·4	67	Information & Broadcasting
4·5	68	
4·12	69	
4·19	70	
4·21	71	
4·25	72	
4·27	73	
4·29	74	
4·33	75	
4·39	76	
4·43	77	
4·44	78	
4·46	79	
4·58	80	
4·62	81	
4·63	82	
4·64	83	
4·65	84	
5·5	85	Labour & Employment & Rehabilitation (Labour & Employment)
5·6	86	
5·8	87	
5·12	88	
5·14	89	
5·22	90	
5·24	91	
5·27	92	
5·36	93	
5·39	94	
5·43	95	
<b>54th Report-Appendix I</b>		
1·85	14	Planning Commission
1·86	15	
1·93	16	

Para No. of P.A.C. Report	Serial No.	Ministry/Department concerned
2.5	24	Food, Agriculture, Community Development Co-operation
2.6		
2.8	25	
2.11	26	
2.13	27	
2.16	28	
2.18	29	
2.19		
2.22	30	
3.4	31	Transport & Shipping
3.5		
3.6	32	
3.8		
3.10	33	
3.14	34	
3.17	35	
3.19	36	
3.20	37	
4.9	38	
4.13	39	
11.19	135	
11.23	136	
11.24		
11.25		
11.28	137	
11.35	138	
11.36		
11.44	139	
11.53	140	
11.54		
11.60	141	
11.61		
11.62		
11.65	142	
11.66		
11.75	143	
11.77	144	
11.78		
11.80	145	Transport & Shipping
11.104	150	
11.105	151	
11.106	152	
11.107	153	

Para No. of P.A.C. Report	Serial No.	Ministry/Department concerned
6·15	55	Iron & Steel
6·16	56	
6·17		
6·18		
6·20		
6·22	57	Deptt. of Social Welfare
6·26	58	
6·27		
9·11	93	
9·18	94	Deptt. of Social Welfare Home Affairs
9·19	95	
9·26	96	
9·34	97	
9·37	98	
9·38	99	
9·44	100	
9·54	101	
10·20	120	Works, Housing & Supply (Deptt. of Supply)
10·52	124	
10·61	125	
10·91	127	
10·100	128	
10·104	129	
10·106	130	
12·5	154	Works, Housing & Supply
12·10	155	
12·17	156	
12·18		
12·44	159	
12·45		
12·54	160	
12·55		
12·56	161	
12·70	162	
12·71	162	
12·72		
12·75	163	Works, Housing & Supply/Home Affairs
12·78	164	
12·85	165	
12·89		
12·96	166	
12·101	167	Works, Housing & Supply
12·102		
12·110	168	
12·111	169	
12·112		Works, Housing & Supply
12·126	171	

## **APPENDIX II**

*Recommendations/Observations in respect of which replies of Government have not been accepted by the Committee*

### **41ST REPORT**

#### **MINISTRY OF COMMERCE**

##### **Recommendations**

*The Committee are surprised to learn that such an important order of the Government issued in March, 1951, that all insurance business should be done with the Indian Insurance Co. Association Pool did not reach the Exhibition Directorate and they continued to book all insurance business with the foreign concerns. Even otherwise the Government Departments are expected to know the policy of the Government on important matters like doing business with the Indian Companies rather than with foreign companies. What is more distressing to note in this case, is that inspite of the fresh circular of the Ministry of Finance, in March, 1961, reiterating their orders of March, 1951, the Exhibition Directorate continued to give insurance business till September, 1961 to foreign companies instead of Indian Insurance Companies Pool and this resulted in an extra expenditure of Rs. 1.11 lakhs by way of insurance premium in respect of 9 out of 27 Exhibitions in which Government participated during 1961-62 and 1962-63. The Committee do not find any justification for the Exhibition Directorate continuing insurance business with the foreign companies after March, 1961.*

[S. No. 22 of the Appendix III to 41st Report, 1965-66]

*What is more disappointing in this case is that even after March, 1961, the Ministry of Commerce approached the Ministry of Finance to permit them to continue business with the foreign insurance companies on the plea that the foreign insurance companies settled the claim promptly. This plea was not borne out by facts in as much as claim amounting to Rs. 1.33 lakhs remained unsettled in respect of exhibits sent for exhibitions held during the period 1957 to 1962 as mentioned in sub-para (b) below. Moreover, the assumption that the Indian Insurance Companies would not be prompt in settling claims was only an inference not based on previous experience, since the Exhibition Directorate was dealing only with the foreign companies till September, 1962. The Committee, therefore, suggested that the whole case should be examined afresh with a view to fixing responsibility for the following lapses:*

- (i) Why was the circular letter of Ministry of Finance issued in March, 1951 not received in the Exhibition Directorate?*

(ii) *In spite of the fact that the foreign companies delayed the settlement of claims, why did the Ministry of Commerce not act promptly on receipt of fresh circular of Ministry of Finance in March, 1961.*

(iii) *The circumstances under which it was considered advisable to give preference to the foreign companies over Indian companies.*

[S. No. 23 of Appendix III to 41st Report—1965-66]

*The Committee feel that, had the Exhibition Directorate acted immediately on receipt of circular in March, 1961 from the Ministry of Finance, the extra expenditure of Rs. 1.11 lakhs by way of insurance premium could have been avoided.*

[S. No. 24 of Appendix LIII to 41st Report of the P.A.C. 1965-66]

#### ACTION TAKEN

Efforts were made to trace the old files of 1951 relating to the circulation of the Ministry of Finance orders of March, 1951, that Government insurance business should be placed with the Indian Insurance Companies Association Pool, in order to investigate the circumstances in which these orders did not come to the knowledge of the Exhibition Branch. These circulation files have been destroyed in the normal course. In the circumstances, it is regretted that it has not been possible to ascertain why the orders in question were not received in the Exhibition Branch.

As regards the question raised in items (ii) and (iii) of Sl.23, it may be stated that the major part of exhibition consignments consist of exhibits collected on consignment basis from the Industry and Trade all over India. These exhibits, large and small, are sent by the participating Industries and firms to the shipping agents at the ports, who collect them from the rail, road or air terminals and store them till shipment in economic lots by suitable vessels. All this work of receipt, collection, storage and shipment to the appropriate destinations is done by the shipping and clearing agents. Similarly, when the goods are returned to India from exhibitions abroad, the shipping and clearing agents clear the goods through customs, arrange for carrier survey on the docks, conduct marine insurance survey and store them in their godowns till they are collected by the owners of the goods. Personal supervision by Government officers of these jobs which are one at the ports is not possible. As bailee of the goods of the participants, Government is responsible to the owners and, therefore, for taking all possible and reasonable precautions for the safety of their goods from the time they are received by the Government's agents till they are returned to the owners. Risks of losses and damages of

exhibition goods at all the stages, including the period of display, are unavoidable, and therefore, insurance cover is taken on a comprehensive basis. In the circumstances that the physical handling, storage, custody, shipment, survey etc. of exhibition cargo is done by the agents at the ports without supervision by Government officers, these agents at the ports were required to arrange for these comprehensive insurance covers themselves as they were on the spot and were responsible to Government for the exhibition consignments received or cleared by them. The agents at the ports were also directly responsible to satisfy the insurance companies of the quantum and value of the exhibits in respect of which insurance cover was taken and also to prove to the satisfaction of the insurance company, the claims arising under the terms of policy. It was in these circumstances that the Shipping and Clearing agents were required to obtain, as part of their services, insurance cover comprehensively for the exhibition consignments.

In the orders dated 10th March, 1961, issue by the Minister of Finance for placing of aviation insurance business with the Indian Aviation Insurers, attention was invited *inter alia* to their earlier orders of March, 1951, regarding the insurance of properties of Government or those under Government Control being made with the Indian Insurance Companies Association Pool. After receipt of these 1961 orders in the Exhibition Branch in May, 1961, the feasibility of insuring with the Pool was examined. In view of the peculiar problems of handling, storage, shipment, and clearance and disposal of the exhibition consignment by the shipping and clearing agents at the ports, without any of these items of work being under the supervision of Government officers and their (shipping and clearing agents) responsibility to satisfy the insurance company about the insured consignments and the claims arising under the terms of the policies, and also in view of the fact that the Indian Insurance Companies Association Pool did not seem to have adequate facilities for giving service at the various countries where exhibitions were being arranged, this Ministry proposed that the existing arrangements for holding the shipping agents responsible for obtaining comprehensive insurance cover for exhibition cargoes might be allowed to continue and the insurance of the exhibition cargoes being done with the Pool be not insisted upon. Although the Association Finance recommended that in view of the peculiar problems, it was desirable that insurance of exhibition goods should be the responsibility of the shipping and clearing agents handling the goods, the proposal not being finally approved by the Department of Economic Affairs, the insurance of exhibition cargoes was transferred to the Pool in September, 1962.

As regards the Committee's observation that the Government Departments are expected to know the policy of the Government on important matters like doing business with the Indian companies rather than with

foreign companies, it may be submitted that it has already been explained above that the exhibition goods were being insured directly by the Ministry's Handling Forwarding and Clearing Agents at the ports as part of the services rendered by them to the Ministry. The Agent (*viz.* M/s. Mackinnon Mackenzie & Co.) seems to have preferred to deal with a foreign insurance company with whom they had a working arrangement in different parts of the world. It is probably because the Ministry was not directly effecting insurance that Govt. policy on this subject did not attract its attention, even indirectly. However, when in 1961 renewed instructions in the matter were received, the matter was duly considered in consultation with the Ministry of Finance as this Ministry had at that time serious doubts whether the Indian Insurance Companies Association Pool had adequate agency arrangements in foreign countries where exhibitions are held. After a detailed examination, it was finally decided that the Ministry should insist upon the Handling, Forwarding & Clearing Agents effecting insurance coverage of all exhibition goods from the Pool. After some initial reluctance, the agents agreed to the revised procedure.

If the Ministry had known earlier of the Government's orders that all insurance should be effected with the Pool, these orders would no doubt have been given effect to.

## MINISTRY OF EDUCATION

### Recommendation

*The Committee are not satisfied over the inordinate delay that has taken place in the publication of 'Gyan Sarovar'. The work started in 1952 has not yet been completed even after a lapse of 13 years. (Out of 5 volumes, only 3 volumes have been published). The result is that the objective of the Project i.e. to bring out a popular Encyclopaedia for the benefit of neo-literates, has not yet been fulfilled.*

[S. No. 50 of Appendix LIII to 41st Report—1965-66]

*The Committee regret to point out that delay in the publication of encyclopaedia was mainly due to lack of proper planning and forethought on the part of the Ministry of Education. The Maktaba Jamia which was established in 1949 had no previous experience of undertaking a project of this magnitude. All that the Maktaba had done previously was publication of booklets for children and neo-literates in Hindi. The Ministry should have, therefore, been more careful in this regard and not proceeded merely on an ad hoc basis depending on the feeling and opinions of the officers. Further, after having entrusted the work to the Maktaba, the Ministry did not keep a watch over the progress of the work. It was only in September, 1957 i.e. after 5 years that they realised that progress was*

*slow. Although the work was to be completed by December, 1959, no detailed programme was drawn up for each volume.*

(S. No. 51 of Appendix LIII to 41st Report—1965-66)

*Again in September, 1957, after taking away the work from Maktaba, it was entrusted to the Research Training and Production centre of Jamia Millia, although earlier it had been felt that the Jamia had inadequate staff for doing the work. The revised arrangements did not improve the position and the work had to be entrusted to the Publications Division in January, 1960. The Committee regret to note that the Education Ministry did not learn by experience and so when they took over the work from one agency and assigned it to another they did care to examine the capacity or ability of the same to execute the project. The Committee are also not satisfied with the progress made by the Publications' Division since then. They have brought out only one more volume in five years, although the manuscripts of Volume III, IV and V were ready when the work was transferred to them in 1960. The Committee feel that if the Publications Division was not in a position to complete the work within a reasonable time, it should not have undertaken it. They desire that the matter should be vigorously pursued with the Publications Division.*

[S. No. 52 of Appendix LIII to 41st Report—1965-66]

#### ACTION TAKEN

The Ministry is making all efforts so that the remaining volumes (Volumes IV and V) of Gyan Sarovar may be published at an early date by the Publications Division. It is expected that both volumes would be published by 31st March, 1967. The Publications Division indicated that they will not be able to vet the draft volumes; therefore the Ministry has had volume IV vetted through an expert Shri A. R. Deshpande, former Adviser on Social Education in the Ministry of Education. The material of the Volume V has also been entrusted to Shri Deshpande for vetting. In accordance with an agreement, Shri Deshpande has to be paid Rs. 1,000/- per volume.

[No. F. 3-5/65-5EU-2 of 6-9-66]

#### FURTHER INFORMATION

Volume IV is under print and the printing is likely to be completed by end of July, 1967.

Volume V—Shri..... who has been entrusted with the revision of the manuscript is still doing it. He has been asked to expedite.



### Recommendation

*The Committee desired that early steps should be taken to settle the accounts of unutilised paper and these should be produced to audit.*

[S. No. 54 of Appendix LIII to 41st Report—1965-66]

*The Committee are surprised that the Ministry were not aware of the details of the dispute between the centre and the printers when the final payments towards the expenditure incurred on the publication were made by Government to the Centre in February, 1963 although 17,290 copies of the publication have been lying with the printers since 1958 due to this dispute. This shows that not only payments were made to the Centre in a mechanical manner but also that there was failure on the part of the officers to watch the progress about the number of printed copies received from the Press and their circulation. The Committee consider it very unsatisfactory that the Research Training and Production Centre did not inform the Government of this dispute and that the bulk of the printed copies have been lying with the printers for the last seven years. The Committee desire that the question should be vigorously pursued and they should be informed about the outcome of the case. They would also like to be informed whether there had been any deterioration in the conditions of the copies due to prolonged storage. [S. No. 55 to Appendix LII to 41st Report—1965-66].*

### ACTION TAKEN

The question of taking over 17,290 printed copies of 'Gyan Sarovar', Volume II from Research, Training and Production Centre which have been withheld by the press due to a dispute, is being pursued vigorously. Meetings between the officials of this Ministry and of the Jamia Millia were arranged to know the nature of the dispute and to find a way out to settle the Research, Training and Production Centre's dispute with press. The response from the Jamia Millia has not been very encouraging, partly because their staff who dealt this matter are no longer with them. The Ministry is, however, still pursuing the matter. The final outcome of the case will be intimated to the Public Accounts Committee. About the present condition of the copies due to prolonged storage with the press, the Ministry is not in a position to state anything regarding the same at present. This, along-with the settlement of accounts of un-utilised paper, will be done only after the whole matter has been sorted out with the Research, Training and Production Centre.

[No. F.3-5/65-SEU/2 dated 6.3.66]

### FURTHER INFORMATION

In a meeting held with the representatives of the Jamia on 17-7-67, it was agreed that the matter should be brought immediately before the ex-

cutive board of Jamia for getting funds and directions to sue the Press, under intimation to this Ministry. After settlement of the dispute with the press, Jamia should arrange to get the objectionable expression 'Hanuman Langoor' expunged from the printed copies, and also furnish a full account of the present condition of the copies due to prolonged storage as also the accounts in respect of the unutilised paper lying with the Press.

### Recommendation

*The Committee feel concerned over the delay in the settlement of audit objections by the Jamia Millia Islamia. The bulk of audit objection relating to the period 1955-56 to 1959-60, which were sent to the Jamia in 1961-62 have not yet been finally settled. No replies to the Audit Reports for 1960-61 to 1962-63 had been furnished to Audit. The Committee desire that the Ministry or their representative in the Governing Body should keep a special watch over the State of accounts and audit objections brought to the notice of the Jamia with a view to ensure their speedy settlement. The Committee hope that the disposal of outstanding objections will be expedited.*

[S. No. 108 Appendix LIII to Forty-first Report 1965-66]

### ACTION TAKEN

The outstanding objections are being disposed off at speed. Below is given the present position in respect of the audit paras upto 1963-64:—

Year	No. of paras of audit objections	No. of paras settled	No. of paras outstanding as on 31-3-1967
1955-56 . . . . .	47	35	12
1960-61 . . . . .	18	11	7
1961-62 . . . . .	21	12	9
1962-63 . . . . .	11	9	2
1963-64 . . . . .	28	16	12

The Jamia has further been asked to liquidate the outstanding objections early.

### FURTHER INFORMATION

Out of 125 paras contained in five Inspection Reports of the Accountant General Central Revenues for the period 1955-56 to 1963-64, the

Accountant General Central Revenues has considered replies and dropped 92 paras. The latest position of outstanding objections for these years is given below:—

Year	No. of paras of audit objections	No. of paras settled	No. of paras outstanding as on 28-7-67
1955-56 to 1959-60 . . . . .	47	36	11
1960-61 . . . . .	18	14	4
1961-62 . . . . .	21	16	5
1962-63 . . . . .	11	8	3
1963-64 . . . . .	28	18	10
	125	92	33

It has been observed that out of 33 objections 23 are outstanding upto 1962-63 mainly due to the fact that (i) certain procedures not consistent with the Government procedures had been followed in the Jamia resulting in objections, (ii) certain documents were not maintained in the manner in which they were required to be maintained according to Government rules, (iii) certain documents were not maintained with the result that the records could not be produced for audit and (iv) in some cases, sanction of the Ministry of Finance should be obtained. From the nature of outstanding objections mentioned above, it has been observed that each individual objection has to be considered on its merit by the Finance Committee for the condonation of the improper procedure followed in the past or waiving the non-maintenance of documents in the past. The recommendation of the Finance Committee will require the approval of the Executive Council. The remarks given by the Accountant General Central Revenue in the Inspection Report of the Jamia for 1965-66 in respect of the pending 33 audit objections are being examined and will be placed before the next Finance Committee and the Executive Council shortly. In certain cases, the sanction of the Ministry of Finance is being obtained.

It will be observed from the above that all possible steps are being taken to liquidate the pending audit objections.

### Recommendation

*The Committee desire that vigorous efforts should be made to recover the outstanding advances. They would like to be informed about the results achieved in this direction.*

[S. No. 112 of Appendix LIII to 41st Report—1965-66]

### ACTION TAKEN

*Recovery of advances.*—As the accounts of the Jamia Millia have not been finalised, it is difficult to sum up the outstanding debts. The exact figure of outstanding debt will be intimated as soon as the accounts are finalised.

### FURTHER INFORMATION

The Jamia have intimated that the lists of Sundry Debtors have been completed. The position of recovery of advances is given below:—

Item	Balance on 31-3-62	Balance on 31-3-67
	Rs.	Rs.
Against Provident Fund.	17,323·90	1,822·48
Advances.	62,681·63	13,167·55

[No. F.25-19/64-U.3 dt. 29-7-67]

### Recommendations

*The Committee regret to note that 161 projects involving grants-in-aid amounting to Rs. 33.18 lakhs and representing approximately 20 per cent, of the 788 projects sanctioned during the period 1953-54 to 1963-64, remained incomplete for periods ranging from two to ten years after the expiry of the prescribed period of 2 years of the release of the first instalment of the grant. In other 111 cases, the audited accounts had not yet been received for periods ranging between 2 to 10 years. This, the Committee feels, does not speak well of the working of the Scheme, inasmuch as various projects sanctioned remained incomplete for long periods. They desire that the Ministry should examine the working of the scheme with a view to ensure that the projects sanctioned are completed within 2 years and the audited statements of accounts furnished to them soon after that. In cases of long delays, the Ministry should consider the question of the recovery of the amounts from the institutions concerned.*

[S. No. 134 of Appendix LIII to the Forty-first Report—(1965-66)]

### ACTION TAKEN

The Campus Work Projects Scheme has been transferred to the State Sector, with a total outlay of Rs. 60 lakhs, in the Fourth Five Year Plan. The Centre, will, however, continue to pay grants for the incomplete projects. The recommendation of the Public Accounts Committee has been brought to the attention of the State Governments on the 25th March, 1966 so that they find it useful in the operation of the scheme in the Fourth Plan.

In most of the cases the projects have reached an advanced stage of construction. Besides the Central Government grant, the educational institutions have also to contribute their share to the extent of 25 per cent of the total cost. It will cause a great hardship to the institutions if the refund of the grant is insisted upon at this stage. In cases where no substantial progress has been made, the institutions are being asked either to refund the Central grant or to execute a bond with two sureties specifying a time limit by which they shall complete the projects.

There are still 112 incomplete projects involving grant-in-aid amounting to Rs. 23.42 lakhs and representing 14 per cent of the 788 projects sanctioned during the period, 1953-54 to 1961-62. In other 91 cases the audited accounts are either under correspondence for elimination of defects or accounts not received as yet. The detailed information of these projects is shown in the statement (Annexure). Since the position of outstanding projects was reported last in the Audit Report (Civil) 1965, cases of 69 projects have been finally settled and closed.

### Recommendations

*The Committee also hope that the Ministry would take vigorous steps to ensure that the incomplete projects are completed and statement of audited accounts furnished promptly in cases where they are outstanding.*

[S. No. 135 of Appendix LIII to the Forty-first Report (1965-66)]

### ACTION TAKEN

Noted.

The urgency of completing the projects and submission of audited accounts is being impressed repeatedly on the educational institutions, State Governments and the Universities. The recommendations of the Public Accounts Committee made in S. No. 134 above has been brought to the notice of the institutions etc. concerned recently. After taking into consideration the various difficulties being experienced by the institutions, suitable extension of time is being granted to them. They have been warned that if they do not comply with the instructions, the Central grants paid to them will be recovered from them. Many institutions are

experiencing difficulties in the procurement of galvanised corrugated iron sheets or Asbestos corrugated sheets which are essentially required for the roofing of the recreation hall-cum-auditorium and gymnasium. With the easing of the situation in regard to other building materials e.g. cement and steel, it is hoped that the completion of the projects will be accelerated.

[Dt. 28-4-66]

#### FURTHER INFORMATION

A statement (Annexure) showing the up-to-date position of the incomplete projects as on 21st July, 1967 is enclosed.

"All possible persuasion and pressure is being put on the educational institutions directly and also through the State Governments/Universities to complete the projects without any further delay or refund the Central Grant, and take effective measures in settlement of the accounts. A written warning is being invariably given to the institutions for refund of grants and efforts are being made to make it effective through the State Governments/Universities. A small portion of the grant is withheld till the accounts are settled finally."

There are at present 76 incomplete projects for which Rs. 18.30 lakhs was paid in instalments after obtaining satisfactory progress reports certified by the Chartered Engineers or P.W.D. Engineers. Most of these projects have reached an advanced stage of construction and it is expected that majority of them will be finally completed in a year or so. The reasons for delays are attributed to increased cost of building materials, wages, shortage of certain essential materials e.g. C.G.I. sheets and heavy girders and difficulty being faced by the institutions in raising funds in the present economic conditions. These incomplete projects represent 9.6 per cent of the total 788 projects sanctioned. In other 83 cases, the buildings have been completed and are in use but their accounts are in the process of settlement. As agreed to by the audit, utilization certificates for instalments of grants paid are now being issued to the Accountants General concerned on the basis of progress reports. However, the final utilization certificates are issued after settlement of the accounts and release of the small grant withheld. Since the position of outstanding projects was reported in the Audit Report (Civil) 1965, cases of 113 projects have been finally settled and closed.

The grants to the High/Higher Secondary School are released directly while those to Colleges through the Registrars of the Universities. No instalment of grant is released unless a bond with two sureties is obtained from the institution receiving the grant-in-aid directly. Besides, such institutions whose performance is slow, have also been asked to furnish

bonds duly executed with two sureties and it had a salutary effect towards early completion of the projects. For the existing 76 incomplete projects we have received 16 bonds duly executed and pressure is being put on others to execute the bond as initially there was no such condition in the rules under which grant-in-aid was paid to the educational institutions.

No fresh projects are, however, being sanctioned under the Campus Work Projects Scheme at present due to financial stringency.

[D.O. No. F.11-4/67-YS-1 Dated 22-7-67]

# ANNEXURE

(Position as on 21-7-67)

Year	PROJECTS COMPLETED					INCOMPLETE PROJECTS				
	Accounts received and under correspondence	Amount of grant paid so far	Balance to be released on settlement of accounts	Accounts not received	Amount of grant paid so far	Balance to be released on settlement of accounts	Projects incomplete	Amount of grant paid so far	Balance to be released on settlement of accounts and submission of progress report	
		Rs.	Rs.		Rs.	Rs.		Rs.	Rs.	
1953-60	32	7,72,283	1,19,673	14	3,05,562	64,933	36	8,66,992	2,63,825	
1960-61	25	6,65,500	96,653	5	1,21,000	18,835	30	7,43,830	1,94,859	
1961-62	7	1,24,500	66,041	—	—	—	10	2,19,000	62,588	
	64	15,62,283	2,82,367	19	4,26,562	83,768	76	18,29,822	5,21,272	



## **Recommendation**

*The Committee are not happy over the loss amounting to Rs. 1.41 lakhs suffered by the CSIR by way of less receipt of interest as a result of transfer of the money from the long-term deposits to short term deposits and subsequently to the current account of the Council. The Committee are unable to accept the argument that the loss was national. Firstly, the CSIR as an autonomous body should invest its funds in a matter which would bring in the best return to them. Secondly the action of the council to withdraw the money from the long term deposits will entail payment of larger grant by the Ministry than would otherwise be necessary. Besides, Government have been deprived of the benefit of investing this money in useful plan projects.*

*It is surprising now the Council withdrew the money from the long term deposits in January, 1962 even before a decision to create the pension fund was taken in November, 1962. Even the Ministry of Finance were not consulted before the withdrawal of money. As the setting up of the pension fund involved detailed examination of certain aspects viz., size of the fund, Government contribution etc. the Council should have waited till a final decision in this regard had been taken. The Committee consider that there was undue haste on the part of the Council in withdrawing the money from long term deposits and that this step was premature.*

*The Committee desire that an early decision should now be taken with regard to setting up of the pension fund or transferring the pension liability to Government as in case of any other Government department. In the meantime, the money should be deposited in the way it would bring in maximum return to the Council.*

[Sl. No. 137—139 at Appendix LII to 41st Report, 1965-66].

## **ACTION TAKEN**

Government in consultation with the Comptroller & Auditor General have decided that pension fund need not be created. The Defence Certificates/National Plan Certificates etc. wherein the CSIR Provident Fund moneys have all along been invested, accrue a rate of interest of 4 per cent for 5 years which is much less than what is obtainable and is being obtained from short-term deposits with the State Bank of India. The

rate of interest for short-term deposits for 91 days is 5 per cent. Therefore the PAC's observation that the money should be deposited in the way it would bring in maximum return to the Council has been met.

#### FURTHER INFORMATION

*Pension Fund*—It will be seen from the recommendations of the PAC report that the return of the moneys to Government has not been specifically recommended. Therefore, the question raised by the AGCR does not specifically arise.

"Since it has been decided by the Government that Pension Fund need not be created, the question of keeping such an amount separately does not arise. It has ceased to be separate fund. No accounting or legal requirement is attracted by the use of this money as ways and means advance."

The conclusion of Audit that this amount is being utilised for expenditure, as revealed in the balance sheet of the Council on the 31st March, 1966, is not correct. The cash balance of Council was not Rs. 4,73,116 but Rs. 1.04 crores, and this amount included Rs. 5,26,648 on account of provident fund (this figure has been correctly worked out by the AGCR), and also the moneys of the "pension fund", imprest and other liabilities minus assets.

A point has also been raised on the PAC recommendations regarding the profitability of investments. The chart below indicates the interest received from the investments:—

1963-64	1.60 lakhs
1964-65	0.51 lakhs
1965-66	0.55 lakhs
1966-67	3.59 lakhs

It is clear from the above that while due to ways and means difficulties, the interest had been gradually falling till the year 31st March, 1966. The PAC recommendations regarding most profitable investment has been fully kept in mind in 1966-67. The National Plans Certificates in which Government has recommended investment of Provident Fund dues, yield an interest of 4 per cent (compound). Therefore, on the entire amount "pension fund", the actual interest on long-term investment should be Rs. 1.40 lakhs (4 per cent), while actual interest earned in 1966-67 is 250 per cent of this amount. The interest earned in excess of the best previous year, namely, 1963-64, is itself very much more than the interest on the "pension fund" at 4 per cent long-term investment. We feel that these facts meet PAC's recommendations regarding profitable investment.

As to whether the amount should be returned to the Government, we had expressed our difficulties to the Government of India regarding the ways and means problem particularly in the end of March and in the month of April. We also drew their attention to the recommendations of the Governing Body, CSIR and Finance Sub-Committee of CSIR, of which the Joint Secretary of Ministry of Finance was member that CSIR should have an opening balance of one month's expenditure. This comes to about Rs. 1.50 crores, as against the balance of only Rs. 1.04 crores on 31st March, 1966 (which includes the amount of "pension fund"). It was our experience that the last instalment of the Government grant is received very late in March and thus makes it impossible for us to spend the amount by end of March. At the same time, the first instalment in the next year is received with the best of efforts by end of April, with the result that even with this "pension fund" amount with us, we are just able to pay the salaries on the 1st of April, leave alone meet the other expenditure in April. Looking into all these practical aspects, we have again moved Government for allowing us to retain this amount". Further arguments in favour of retention are:—

1. In the event of the money being returned and credited to the Treasury, and subsequent Government decision to give us a ways and means advance, expenditure and the receipt in the Government account will look as inflated.
2. A large part of the "pension fund" pertained to the employer's portion of the provident fund contribution (now resumed due to adoption of pension) received prior to 1954, when the Government grant to the CSIR was non-lapsable; this amount is not to be returned even under the present understanding between the Government and the CSIR. The arrangement after 1954 was that the amounts of unspent balances in any year were adjusted in the next year's grant, while prior to 1954 the unspent amounts were carried forward year to year as could be seen from an analysis of the current cash balance of the CSIR, which includes the cash balances from the Government grants received prior to 1954.
3. In case, it is decided to adjust, the amount, the Government can give a reduced grant to the CSIR in the current year in the revised estimates.
4. There is another alternative suggestion that our money should be kept in the Reserve Bank of India. If this is implemented, the Government ways and means position would not be affected even if this amount is retained.

As will be seen from the above this is a complex problem, and considering the executive difficulties of the CSIR, the return of amount may lead to serious consequences in the form of non-payment of salaries in the right time. The entire matter is being discussed with the Finance Ministry.

### Recommendation

*The Committee feel that the expenditure on the Council's publication Directorate as compared to the income derived from the sale of publications, has been very much on the high side. The Committee desire that the wide gap between the expenditure and the sale proceeds should be investigated. They also suggest that it should be examined whether the pricing policy of the publications needed any revision to narrow the gap between the expenditure and income.*

[S. No. 143 of Appendix LIII to 41st Report-1965-66]

*The Committee also desire that the Directorate should prepare its proforma accounts showing the profits and losses in respect of the different publications. As regards the weeding out of old publications, the Committee desire that these publications should be reviewed periodically and unwanted publications should be disposed of. It should also be examined as to what extent the number of printed copies of future publications could be reduced, taking into consideration the Directorate's past experience about their sale. The Committee also suggest that how far these publications have been useful should be assured by an Independent and competent body.*

[S. No. 144 of Appendix LIII to 41st Report—1965-66]

### ACTION TAKEN

(a) *Reducing the gap between the expenditure and sale proceeds and appraisal of its pricing policy*

The main function of the Publications and Information Directorate of the Council of Scientific & Industrial Research is to collect and disseminate information in regard not only to research but also industrial matters in general and publications of scientific papers and journals in particular. With a view to performing these functions effectively, the intention has always been not to run the Directorate on commercial lines. In case too much stress is laid on the income from the sale of publications of the Directorate, the very purpose for which the Directorate has been established will be defeated. It is, therefore, inevitable that the Directorate be treated as one of the subsidised Units of the Council of Scientific and Industrial Research.

In the case of research periodicals being brought out by the Directorate, the only basis for fixing the price could be to fix it on the basis of the prevailing price of scientific periodicals in India and abroad, so that

our prices are competitive and we are in a position to attract large clientele. Every effort is made to ensure that the price remains within the means of the Scientists in the country. In view of these considerations though the price of the periodicals in India is kept low, the subscription rates for the foreign countries are fixed much higher (Annexure I). Our research periodicals are being exchanged with other scientific periodicals from within as well as outside the country and even after taking into account the *ad-hoc* monetary value of the publications that are being received by the Publications & Information Directorate in exchange of its own journals, there still exists a deficit of about Rs. 1 lakhs per year without taking into account the pay and allowances of the editorial staff and expenditure on other office establishment as would be seen from the statement enclosed (Annexure II). This gap seems to be inevitable.

The collection and dissemination of information in regard not only to research but to industrial matters generally and publication of scientific papers and a journal of industrial research and development is one of the functions that has been assigned to the C.S.I.R. under item 2(g) and (h) of the Memorandum of Association of the CSIR.

In the context of this specific assignment the publication activities of the C.S.I.R. for the above purpose can be effective only if they are undertaken on a subsidised basis and it could not obviously be modelled strictly on commercial lines with profit motives.

The periodicals fulfil the primary aims and objects of dissemination of scientific information and knowledge about the progress and development in the various disciplines of science in India. It may be added that during the last two decades, CSIR's research periodicals have built a sound reputation in the scientific world and are held in high esteem. A reduction in size, quality or substance will undoubtedly do incalculable harm to the Indian Scientists who depends on these periodicals for quick publication of the results of his researches.

#### *Calculation of the cost of Production:*

While calculating the expenditure on the publications brought out by the Directorate so far, it has been the general policy to take into account only the cost of production; pay and allowances of the staff and capital expenditure have not been taken into consideration. The gap in the income and expenditure of the Directorate, as in the case of other laboratories, is only natural. It is well known that dissemination of information is an essential part of scientific research without which scientific activity gets clogged and retardation in the scientific progress becomes inevitable. In view of these considerations, the establishment of the Directorate is a subsidized activity, and it was never intended that the Directorate should be run on commercial lines. It is a point to be appreciated that scientific

journals, anywhere in the world, are seldom run for profit; their main aim being the dissemination of scientific knowledge.

*Policy for reviewing expenditure:*

The activities of the Directorate and the budget are reviewed twice a year by the Executive Council. The expenditure in Publications & Information Directorate may be mainly classified into three categories:

1. Pay and allowances of the staff;
2. Expenditure on production of publications; and
3. Capital.

To assess the requirement of the staff *vis-a-vis* the work-load, Expert Committees were appointed by the Executive Council. A gist of the recommendations of these Expert Committees regarding the staff position in the two major projects of the Directorate *viz.*, the Wealth of India and the Periodicals is given below:—

*Wealth of India:*

The Wealth of India consists of a Biology Division, a Chemistry Division, an Industry Division and Documentation and Library. The posts recommended by the Expert Committee, under the Chairmanship of Dr. Nihar Ranjan Ray for this project alongwith the existing staff are given in Table-I.

TABLE I

*Staff position in the Wealth of India as on 1-8-66*

Post/Posts	Staff recommended by Expert Committee	Existing Staff
Scientist 'E'	5	4
Scientist 'C'	8	2
Scientist 'B'	19	6
S. S. As.	24	11
J. D. A.	1	1
Librarian	1	1
Assistant Librarian	1	1
Cataloguers	7	2
Jr. Stenographers	7	3
Typists (LDC)	12	6
Daftri	1	Nil
Library Attendants	3	3

### Periodicals:

The Directorate brings out six Research Periodicals i.e., *Journal of Scientific and Industrial Research*, *Indian Journal of Chemistry*, *Indian Journal of Pure and Applied Physics*, *Indian Journal of Technology*, *Indian Journal of Bio-Chemistry* and *Indian Journal of Experimental Biology*. The first four are monthly periodicals and the last two are quarterlies. In addition to these research periodicals, the Directorate also publishes a quarterly *Journal Research & Industry* for the benefit of the industry.

The expert committee, under the Chairmanship of Dr. K. Venkataraman, went into the whole question regarding the staff requirement for research periodicals and recommended that each one of the monthly journals should have one Scientist 'C', one Scientist 'B' and two Senior Scientific Assistants. For the two quarterlies, they recommended one Scientist 'C' for both, two Scientists 'B' and four Senior Scientific Assistants.

The Expert Committee for "Research & Industry", under the Chairmanship of Dr. Nihar Ranjan Ray, recommended that the journal should come out as monthly periodical from January, 1967 and the following staff was recommended:

Scientist 'C'	One
Scientist 'B'	One
Sr. Sci. Asstts.	Four
Jr. Stenographer	One
Typists	Two

The consolidated position of the staff requirement for all periodicals vis-a-vis the existing staff is summarised in Table-II.

TABLE II

Post Posts	Staff recommended by the Expert Committees	Existing Staff
Scientist 'E'	1	1
Scientist 'C'	5	Nil
Scientist 'B'	7	4
S.S. As	16	7*
Jr. Stenographers	3	2
Typists	7	4

\*Includes 1 J. S. A.

From the data given in the above tables, it is clear that the staff position in the Publications Directorate is already precarious and in view of this situation any reduction in the expenditure on the staff is inconceivable.

### *Economy in expenditure*

The only way of cutting down the expenditure in the Directorate is to reduce the production cost of the publications. With this end in view, the print orders for various periodicals and other publications have been substantially cut down since 1st January, 1966 (Annexure III). Number of complimentary copies have also been greatly reduced from the same date. This has resulted in a saving of 150 copies of each issue of its research periodicals. By doing so, a saving of Rs. 31,379.70 has been effected (Annexure IV). The number of copies to be printed does not usually exceed 1,000 as this is the most economical number which can be printed. However, the Production Section keeps in view the sale prospects of each publication while deciding the number to be printed.

Summing up the expenditure and income position in the Directorate, it may be stated that the income of the Directorate from the sales of publications was 1.096 lakhs as against the expenditure of Rs. 16.84 lakhs in 1965-66. Reduction in the expenditure on the staff is out of question and the small saving effected by cutting down the cost of production is too meagre a sum to be of any significance. No savings are possible from the capital grant which is only to the tune of Rs. one lakh. Thus, any attempt to bridge the gulf, not the gap, between the expenditure and income of the Directorate, in view of the objective for which the Publications & Information Directorate was established, is bound to be futile.

As regards the pricing policy, it may be pointed out that the prices of our publications are fixed according to the formula given below:—

*Actual cost of production*  $\times$  60% *thereof divided by the number of copies printed*

In the case of specialised publications like the "Wealth of India", "A Dictionary of Economic Products and Industrial Resources of India," 100 per cent is added to the cost in working out the price. The price of the research periodical is determined on an *ad-hoc* basis.

A Departmental Committee called the publications Appraisal Committee consisting of the Scientist-in-Charge of the Publications & Information Directorate as Chairman and about seven other senior officers as its members has since been appointed on 5th April, 1966. This Committee will *inter-alia* look into the following aspects of publications:—

- (i) The pricing policy to be laid down and reviewed at reasonable intervals.
- (ii) To take steps as and when necessary to reduce the gap between the expenditure and income on publications.
- (iii) To have the proforma accounts prepared every year on the lines desired by P.A.C. separately in respect of each publication.



- (iv) Weeding out of all such publications, blocks, etc. as are no longer in demand and disposal thereof as per prescribed procedure.
- (v) To decide the number of each publication to be printed keeping in view the sale prospects thereof.
- (vi) To devise ways and means for promoting sales in general and particularly of such publications as have not commanded the sales even to the minimum extent expected.

*(b) Preparation of a proforma profit and loss account*

A proforma of the profit and loss account is being maintained by the Publications & Information Directorate since 1st April, 1966 in the form which has been referred to the A.G.C.R. for approval.

*(c) Weeding out of old publications*

The work of weeding out of old publications and blocks, etc., which are no longer in demand, has already been taken in hand. The Publications Appraisal Committee appointed by the Directorate, as stated above, will also look into this matter.

*(d) Appointment of an independent body to consider the usefulness of the publications brought out by the Publications and Information Directorate*

The usefulness of the publications being brought out by the Publications & Information Directorate is constantly under review by the various Editorial Boards in the Publications & Information Directorate as also by its Executive Council. The present composition of the Executive Council may kindly be seen at Appendix VII.

In addition, the work of this Directorate is also being reviewed by the various Reviewing Committees that are being appointed by the Prime Minister from time to time under Rule 57 of the Rules & Regulations of the CSIR, which is reproduced below:—

"The President shall have the authority to review periodically the work and progress of the Society to order enquiries into the affairs of the Society, and to pass orders on the recommendation of the reviewing or enquiry committees."

During 1963-64 a Reviewing Committee appointed under the Chairmanship of Sir A. Ramaswami Mudaliar has reviewed the work of the entire CSIR Organisation, including the Publications & Information Direc-

torate and attention may be drawn to the following observation of this Committee:

"The format of these (technical publications) is very impressive and compares favourably with those in the countries abroad but the circulation should be considerably improved."

These bodies are quite independent of the control of CSIR and are also competent enough to judge the work of the Directorate. It is therefore felt that the Public Accounts Committee may perhaps be satisfied that there is no need for the appointment of any other independent body for doing the job which has already been done.

### Annexure I

#### *Subscription rates for Periodicals of the Publication and Information Directorate*

Name	Price per copy		Annual Subscription	
	Inland	Foreign	Inland	Foreign
	Rs.	£	Rs.	£
JSIR . . . . .	2	0·6·0	15	3·10
IJT . . . . .	Do.	Do.	Do.	Do.
IJC . . . . .	Do.	Do.	Do.	Do.
IJPAP . . . . .	Do.	Do.	Do.	Do.
IJB . . . . .	6	0·18·0	Do.	Do.
IJEB . . . . .	Do.	Do.	Do.	Do.

#### *Inland*

Subscription for all six periodicals for one year . . Rs. 75·00

Subscription for all six periodicals for two years . . Rs. 120·00

#### *Foreign*

For Libraries, Government Department and Industry . . . . . £3·10·0 or \$10·00

#### *Research & Industry Quarterly*

Annual Subscription . . . . . Rs. 8·00 Foreign  
Sh. 18 - or \$ 2·50

Single Copy . . . . . Rs. 2·50 Foreign  
Sh. 5 - or \$ 0·75

## ANNEXURE II

**Statement showing figures of expenditure and income on the following research periodicals of Publications and Information Directorate for the period 1st January, 1964 to 31st December, 1964.**

1. Journal of Scientific and Industrial Research.
2. Indian Journal of Technology
3. Indian Journal of Chemistry.
4. Indian Journal of Pure & Applied Physics.
5. Indian Journal of Biochemistry.
6. Indian Journal of Experimental Biology.
7. Research and Industry.

### *Expenditure*

		Revenue	
		Inland	Foreign
1. Printing 1,03,960 Subscription		36,744	21,080
2. Block making 16,273 Advertisements		28,388	..
3. Packing & Forwarding & postage 23,584	App. value of periodicals recd. in exchange.	2,000	70,000
		67,082	91,080
4. Cost of paper . . . . .	1,08,670		
5. Cost of reprints supplied free of cost	3,330		
Total . . . . .	2,55,817	Total	1,58,162

### ANNEXURE III

*Publication and Information Directorate Print Order as reduced from  
1st January, 1968 for Research Periodicals.*

	Previous Print Order	Reduced Order
Journal of Scientific and Industrial Research . . . . .	1600	1250
Indian Journal of Chemistry . . . . .	1400	1250
Indian Journal of Technology . . . . .	1200	1000
Indian Journal of Pure and Applied Physics . . . . .	1200	1000
Indian Journal of Experimental Biology . . . . .	1200	1000
Indian Journal of Biochemistry . . . . .	1200	1000
Research and Industry . . . . .	2000	1000
	(monthly)	(quarter- ly)

## ANNEXURE IV

**Statement showing estimated saving in printing cost of paper in respect of the following research periodicals during 1966-67**

1. Saving in Printing in respect of	I. J. P. A.P.	Rs. 3297.20
2.   "               "               "	I. J. T.	3297.20
3.   "               "               "	I. J. E.B.	1529.00
4.   "               "               "	I. J. B.	1529.00
5. Saving in paper for all six Res. Periodicals		10727.30
6. Estimated saving due to reduction in the number of copies of Res. & Industry from 2000 to 1000 copies per issue.		11000.00
Total		31,379.70

There will be no saving in printing charges of JSIR & I. J. C. as the No. of copies to be printed are 1250. The approved rates of M/s. Catholic Press for printing are on the basis of 1st 1000 copies and additional 1000 copies or part thereof.

### Recommendation

*Physical verification of equipment and stores has not been completed in respect of nine out of the eleven Departments. Final report in respect of verification completed in two Departments has also not been prepared. The Institute has intimated (February 1965) that the work of verification in respect of the other nine Departments is in progress.*

*The Committee enquired whether physical verification of stores was not being conducted every year as required under the rules and whether the Institute had given any explanation on that point. The witness stated that the explanation given by the Institute was that it had not been able to get the right staff viz. the stock verifiers to do the job. The Ministry was taking up the matter with the Institute to make arrangements for physical verification every year.*

*In reply to a question the witness admitted that no machinery had been set up in the Ministry to see that the rules in regard to the physical verification of stores in the Indian Institutes of Technology were implemented by*

them. The Committee desired to be furnished with a note on the position of verifications of stores in respect of each I.I.T. showing the amount of money involved, dates on which complete verification was made last, reason for not doing it earlier and the action being taken to ensure that there was physical verification every year as contemplated under the rules. The note furnished by the Ministry is at Appendix XXXVIII of 41st Report (Third Lok Sabha).

From the note furnished by the Ministry, the Committee observe that annual physical verification of stocks has not been done completely in the Institutes of Technology, Kharagpur, Bombay and Kanpur. Some of the Institutes have been in existence for a number of years and a lapse of this type on their part is ununderstandable. The Committee need hardly emphasise the necessity of conducting annual physical verification of stock as it is only through these verifications that shortages or losses can be detected. They regret to observe that the rule regarding annual physical verification was not followed by the Institutes concerned. The Committee would also like the Ministry of Education to devise a suitable machinery to ensure that the annual physical verification of stock is conducted regularly in all the Institutes of Technology.

[S. No. 165 of Appendix LIII to 41st Report—1965-66]

#### ACTION TAKEN

The Indian Institute of Technology, Bombay has made adequate arrangements by appointing necessary stock verifiers to do physical verification on a yearly basis and in future this work would be completed annually.

*Latest Position of physical verification:*

*Consumables:*—Verification for the period upto 31st March, 1966 has been completed in respect of all Departments.

*Equipment and Tools:*—Physical verification for the period upto 31st March, 1966 in respect of Chemistry, Mathematics and Mechanical Engineering Departments has been completed.

Verification in respect of Electrical Engineering Department is in progress and will be completed before the end of June, 1966.

Verification in respect of Chemical Engineering Department will be taken up after the work on Electrical Engineering Department is completed. This would be complete by 31st July 1966. Necessary adjustments in stock is being carried out in respect of excesses found during verifications. Shortages noticed are under investigations.

The A. G., Maharashtra who has been apprised of the position has stated that they would verify the position during next audit.

[U.O. No. 6-4/66-T.6 dated 8.7.1966]

### Recommendation

*The Committee would like to be informed whether an Internal Evaluation Committee has since been appointed as proposed, and if so, what are the findings.*

[S. No. 168, Appendix LIII of 41st Report (1965-66)]

### ACTION TAKEN

The recommendations of the Public Accounts Committee were considered by the Governing Body of the National Council of Educational Research and Training at its meeting held on the 11th Feb., 1966. The Governing Body expressed the view that, since the National Council had been set up only four years ago, its activities were still in a developmental stage, and needed another four to five years to be consolidated. Dr. Hayden, a UNESCO expert had made about 18 months ago a comprehensive assessment of the work of the Council and submitted a valuable report. He had also made recommendations regarding the lines along which the future work of the Council should be developed. The National Council also periodically reviewed the work done on the basis of the annual reports submitted by the Governing Body. Further, the programmes of research, training and extension services would have to be re-formulated after the Education Commission has submitted its report. In these circumstances, the Governing Body did not consider it necessary to appoint an internal evaluation committee at this stage.

The Ministry agree with the views of the Governing Body of the Council.

The above note has been vetted by Audit.

### MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT & CO-OPERATION

(Department of Food)

### Recommendation

*The Committee are constrained to find that despatch advices, which are essential documents for adjustment of sale accounts in respect of sales even for the period 1961-62 to 1962-63 involving a sum of nearly two crores of rupees remain to be reconciled.*

[S. No. 221 of Appendix LIII to 41st Report (1965-66)]

*The Committee would like to emphasise that the steps already taken by Ministry to expedite the matter should be vigorously followed and in the light of experience gained suitable changes made in the procedure so that reconciliation of figures is not delayed. The Committee are distressed to note that such accumulations were mainly in the Eastern Region. They have also observed that the number of losses relating to transit and storage*



*of foodgrains was by far the highest in the Eastern Region. They are, therefore, of the opinion that the administrative machinery in the Eastern Region should be tightened with a view to improve the position. The Committee would also like to be informed of the progress made by the Squad in liquidating the backlog of arrears in regard to past accounts.*

[S. No. 222 of Appendix LIII to 41st Report (1965-66)]

#### ACTION TAKEN

The present position regarding the submission of despatch advices and sale accounts in respect of the sales of foodgrains during the years 1961-62 to 1963-64 is given below:—

Year.	Amount originally shown as outstanding in the Audit Report '65 (in crores of Rs.)	Balance amount for which sale documents are still to be furnished (in crores of Rs.)	Figures in Col. 3 include the following figures of Eastern Region (in crore Rs.)
1	2	3	4
1961-62	14.67	51.90	0.55
1962-63	12.83		
1963-64	24.40		

2. It will be seen from the above statement that there has been considerable progress in the submission of the sale documents and their linking in the Pay & Accounts Office. Similarly, in respect of the year 1964-65 also, against Rs. 73.55 crores mentioned in the Audit Report 1966 sale documents to the extent of Rs. 3.08 crores only are outstanding at present. This includes Rs. 57 lakhs relating to the Eastern Region.

3. Instructions were issued to the Regional Directors (Food) in this Department letter No. 27-2/65-BFC. II dated the 2nd July, 1965 (copy enclosed) to pay special attention to the submission of the sale documents to the Pay and Accounts Officers and also to furnish a certificate to the Ministry indicating the position every month. Further instructions were also issued from time to time. In the case of the Eastern Region and Western Region where conditions were still not satisfactory, demi-official letters have been issued to the Regional Directors (Food) to clear the outstandings immediately. It is hoped that with the constant watch maintained by the Ministry, the position will further improve and no change in the present procedure is at present considered necessary.

4. The state of accounts in the Eastern Region both with regard to the submission of sale documents and regularisation of transit and storage losses, although better than before, is not yet fully satisfactory and special squads have been set up for liquidating the backlog of arrears. It is hoped that within the next six months, the position will improve considerably.

[U.O. No. 23/65-66/BFC I/41st Report, dated 12-8-1966]

### Recommendation

*The Committee regret that while the country is faced with acute shortage of foodgrains, a very substantial quantity was rendered unfit for human consumption. They, therefore, feel that the circumstances in which this quantity was damaged should be probed into and suitable steps taken to ensure that such wastage are avoided in future.*

[S. No. 228 of Appendix LIII to 41st Report (1965-66)]

### ACTION TAKEN

The break-up of 7430 tonnes of damaged foodgrains disposed of during 1963-64 due to various causes is given below:—

1. Ship damage . . . . .	6105·368 tonnes
2. Rail/road transit damage . . . . .	473·755 tonnes
3. Godown damage . . . . .	217·316 tonnes
4. Other causes . . . . .	633·080 tonnes
TOTAL . . . . .	7429·519 tonnes or 7430 tonnes

### Ship Damage

It would be seen from the table that out of the total quantity of 7430 tonnes of damages foodgrains disposed of during the year 1963-64, a quantity of about 6105 tonnes was damaged in ships on the high seas. In this connection, it may be stated that the damage in ships takes place mainly when they encounter rough weather en-route. In a few cases, accidents may be the cause. Ship-owners' liability for damage is governed by the terms on which the cargo is carried and also by the circumstances under which the damage takes place, as well as on the extent to which satisfactory evidence is produced to prove that the damage was due to a particular factor. All the ship damage claims are examined from this angle and legal advice is obtained, wherever necessary. Only such claims are abandoned as are not legally tenable. That damage caused due to 'perils of sea' is not the responsibility of vessel owners, is a well settled proposition

of Maritime Law as some damage on this account is inevitable despite all precautions taken for protection and safety of cargo when carried in ships in a huge programme of imports that we have.

#### *Rail/Road Transit Damage*

A quantity of about 473.755 tonnes was damaged during transit by rail/road. The damage during transit by rail is caused when foodgrains are transported from one station to the other in open wagons or when the closed wagons are leaky or rain water enters through flap doors, although all precautions are taken at the despatching end by ensuring loading of stocks in leak-proof wagons and also by covering the foodgrains by tarpaulins etc. when these have to be loaded in open wagons. Similar precautions are also taken in respect of transportation by road. Such damage, at times, is inevitable being beyond control. However, claims for foodgrains damaged by rains during transit are lodged to obtain compensation.

#### *Godown Damage*

A quantity of about 217.316 tonnes was damaged while in storage in the godowns. The damage in godowns was mainly due to leakage in godowns or over-flowing of drains during the rainy season and was mostly confined to hired godowns. About 64 tonnes were damaged at Meerut due to flooding of godowns on account of unprecedented rains. Similarly, about 41 tonnes were damaged on transit platform at Bombay, despite all precautions, due to heavy rains accompanied by gusty winds. A quantity of about 58 tonnes was segregated out of infested shipment received at Navlakhi. This quantity also has to be reckoned as a ship damage for all practical purposes. In addition, small quantities were also damaged in hired godowns of Calcutta and different other centres due to leakage and over-flowing of gutters etc.

The quantity of 633.080 tonnes damaged and disposed of due to causes other than listed above included 570.780 tonnes collected after cleaning dust and dockage obtained as a result of mechanical discharge. The remaining quantity of 62.3 tonnes was recovered as broken wheat unfit for human consumption and was disposed of.

The loss on account of these causes is also unavoidable while handling lakhs of tonnes of foodgrains.

All possible steps are taken to remedy the causes which lead to damage of foodgrains in transit, storage etc. However, as stated in the foregoing paragraph some damage due to causes which are beyond human control is inevitable.

A number of steps have been taken by the Department to avoid damage to foodgrains in storage. These include (i) construction of modern go-

downs having high plinth, damp-proof flooring and strong roofing; (ii) adoption of modern techniques for maintenance and preservation of food-grains stocks while in storage; (iii) release of unsuitable hired accommodation; (iv) intensification of use of dunnage both wooden and polythene sheets, which protects the grain from the effects of ground moisture; and (v) periodical inspection of godowns and their timely repairs to guard against leakage of rain water through roofing, velley gutters and down-pipes etc.

[U.O. No. 23/65-66/BFCI/41st Report, dated 8-3-1966]

#### 42ND REPORT

### MINISTRY OF HEALTH

#### Recommendation

*The Committee are surprised to note that even after procurement of supplies was suspended from the firm in August 1962, purchases were still made during April, 1963 to March, 1964. They desire that circumstances under which purchases were made from the firm in question may be enquired into and responsibility fixed. The Committee may also be informed of the result of enquiry proposed to be conducted by the Secretary into the case of purchases mentioned in Appendix XII to the Audit Report.*

[S. No. 25 of Appendix XV to 42nd Report, 1965-66].

#### ACTION TAKEN

There is no set procedure for enrolling a firm on the approved list of suppliers. Each Hospital draws its own list of such suppliers independently. In so far as M/s. Gurco Pharma was concerned there were many complaints from the C.G.H.S. specialists about the quality and efficacy of the drugs supplied by this firm. This firm was approved for C.G.H.S. supplies in April, 1959. As a result of these complaints this firm was removed from the list of suppliers in August, 1962 so far as C.G.H.S. was concerned. Since no common list of suppliers was maintained by the various organisations for purposes of effecting local purchase, there was no occasion for the C.G.H.S. Organisation, or for that matter, any of the hospitals to communicate to the other organizations the fact of any one of the suppliers being excluded from the list. Hence supplies were continued to be procured from the same firm by the other sister organizations. This firm was also on the list of D.G.S. & D. The removal of this firm from the list of suppliers to the C.G.H.S. would not amount to black listing of this firm.

2. As regards the enquiry into the case of purchases mentioned in the Appendix XII to the Audit Report, an enquiry was conducted. As had'

already been stated each hospital maintains its own approved list of suppliers. There are no means nor would it be practicable for every hospital to check with the other rates quoted by any particular firm for particular items at any one time. Enquiry revealed that all purchases listed in Appendix XII were made after call of quotations and after observing the usual formalities of placing the order for the lowest tenderer. No irregularity on the part of any body in the observance of the procedure laid down for making local purchases has been brought to light. The fluctuations in the rates were more due to the size of the demand. Prices were also fluctuating from month to month.

3. In order to avoid local purchases by the various hospitals and the C.G.H. Scheme a proposal is under consideration to set up an organization in Delhi on the lines of the Medical Store Depot to procure supplies for the two Central Government hospitals and the C.G.H. Scheme. In due course this organization will also undertake procurement and supplies to hospital requisites to the hospitals of the Delhi Administration and if possible extend the facilities to the Lady Hardinge Medical College hospital also. This Central organization will obviate variation in prices and any inadvertant purchase from an unsatisfactory firm by any of the individual units, once the poor quality of its performance has become known to the Central Organization. However, the attached and subordinate offices of this Ministry are being instructed to effect better co-ordination in these matters pending the establishment of the proposed Central Organization.

#### AUDIT OBSERVATION

As will be seen from the Ministry's reply to item 3 of the list of points attached to Lok Sabha Secretariat O.M. No. 21110/65/PAC, dated 7/9-8-1965, the quality of performance of M/s. Gurco Pharma was known to the Ministry and the D.G.S. & D. in July/August, 1962. However, no steps were taken to get the firm removed from the list of suppliers mentioned by the different organizations of the D.G.S.H. Ministry. This shows that there was lack of co-ordination among the various wings of the Ministry.

#### 54TH REPORT

#### MINISTRY OF INDUSTRIAL DEVELOPMENT AND COMPANY AFFAIRS

(Deptt. of Industrial Development)

#### Recommendation

*The Committee also desire to be informed of the final position of the recovery of the outstanding dues from the assets of the society.*

[S. No. 49 of Appendix I to 54th Report—1965-66]

## ACTION TAKEN

The Liquidator of the Society has so far realised about Rs. 1.49 lakhs by way of sale/auction of the machinery and other goods belonging to the society, but nothing has so far been paid to Government in liquidation of the dues. Some furniture and spare parts of machinery are yet to be disposed of and recoveries are also to be effected from sundry debtors and liable members. The liquidator has stated that the finalisation of the liquidation will depend on the further circumstances of the cases; as some of the liable members and debtors may seek remedies through courts etc., which may delay the proceedings. The final position of the recovery of the outstanding dues will be intimated to the P.A.C.

## FURTHER INFORMATION

The liquidator has intimated to this Ministry *vide* his letter dated 30th May 1967 that an amount of Rs. 1,52,834.42 has been realised by auction of the assets of the defunct Society. In addition, Rs. 3,711.69 have been recovered by the liquidator from the sundry debtors, who are mostly non-members. Action for recovery of the balance dues from the other debtors is proposed to be taken up by the liquidator through the Civil Court. The latest position regarding the liquidation proceedings as indicated by the liquidator is that the assessment orders are being passed against the liable members and recovery will be effected through the Revenue authorities. The recovery from sundry debtors who were mostly non-members is a difficult task as the Civil Court shall have to be approached for such recovery, which is a complicated and lengthy affair. Hence, the date by which the liquidation proceedings are likely to be completed cannot be given.

According to A.G.C.W. & M. who maintains the accounts, against the total amount of two loans of Rs. 2.55 lakhs granted to the society, amounts of Rs. 2,000 and Rs. 45,450 have been deposited in Govt. account towards principal and interest respectively. The balance amount of principal due from the society is, therefore, Rs. 2.53 lakhs. The amount of interest payable by the Society as on 31st March 1967 works out to Rs. 17,865.80. The A.G.C.W. & M. has further stated that nine credits amounting to Rs. 1,09,930.65 stated to have been deposited by the liquidator have not been received in that office and that the matter is under correspondence between the liquidator and the A.G.C.R.

[D.O. No. 5(12)-B8A/66 dated 30.7.67.]

## MINISTRY OF STEEL, MINES AND METALS

(Deptt. of Iron and Steel)

## Recommendation

*The Committee cannot resist the feeling that the party secured for itself a favoured treatment from the office of the Iron and Steel Controller where*

*for reasons unknown, all rules and regulations were set at naught and the Government machinery seemed to have worked more to uphold the interest of the party than that of the Government. The successive events relating to this case, depict the following serious lapses:—*

- (i) The letter order in this case strangely enough excluded the vital provisions of recovery of surcharge;*
- (ii) Copy of the letter order was not endorsed to surcharge section for recovery of surcharge;*
- (iii) The firm did not furnish any Bank Guarantee not being provided in the letter order though otherwise provided in the rules; and the Iron and Steel Controller did not show any firm insistence to obtain it or to look into the case as to how such a lapse could occur.*
- (iv) Even when a Committee was appointed in 1965 to look into these cases, the case of firm "A" was not considered despite the fact that it was accountable for many lapses and also for 35 per cent of the total outstanding amount.*
- (v) The irregularity/favour shown to this particular firm was brought to the notice of the Department through an Audit Para in 1960.*

[S. N. 59 of Appendix I to 54th Report—1965-66].

*In the face of all these facts the Committee find the arguments of the Ministry that the stalemate had arisen because of lack of co-ordination between the different branches of the Office of the Iron and Steel Controller and that no special favour was shown to this firm as unconvincing. It is inconceivable that multiple lapses should occur only in the case of a particular firm. While the Committee note with satisfaction the decision of the Iron and Steel Controller not to have any dealings with this firm in future they would very strongly urge that a thorough investigation should be made into this case for the various lapse at different stages and that the delinquent officials should be dealt with suitably. The Committee would like to be informed of the action taken in this matter.*

[Serial No. 59 of Appendix I to 54th Report—1965-66]

#### ACTION TAKEN

(1) The Committee has felt that the party secured for itself a favoured treatment from the office of the Iron and Steel Controller where for reasons unknown, all rules and regulations were set at naught and the Government machinery seemed to have worked more to uphold the interest of the party than that of the Government. The above conclusion of the Committee, it

seems, it based on its findings that multiple lapses had occurred only in the case of a particular firm.

(2) Since the Letter Order and the Contract in this case were placed in 1961, the Controller made review of all the letter Orders (numbering forty) issued that year to find out how many of them excluded the vital provision of recovery of surcharge and copies of which were not endorsed to Surcharge Section. It seems 7 such Letter Orders were issued in that year, out of which 2 relate to this particular firm and the balance 5 pertain to other firms. The other firms referred to are M/s. V. D. Swami, Industrial Importers (P) Ltd., Chaliha Rolling Mills and Mahindra & Mahindra. Looking from a different angle, it is observed that this contract of 1372 tons with M/s. Aminchand Payarelal was a part of the demand of 5,000 tons of rounds and flats by the Railway Board. The entire Contract of 5,000 tons was placed with M/s. Aminchand Payarelal, Mahindra & Mahindra and V. D. Swami. It is found that the defect in the Letter Order is not containing any provision regarding surcharge or the Letter Order having not been endorsed to Surcharge Section, was not merely restricted to M/s. Aminchand Payarelal but such defect was a general one in as much as even the Letter Orders pertaining to the other two firms mentioned above also contained the same defects. It is also found that in respect of those Letter Orders where the provision for surcharge was made and copies were endorsed to Surcharge Section, there were cases relating to Aminchand Payarelal group of firms. The above facts would tend to show that the multiple lapses did not occur only in the case of a particular firm. It is also logical to conclude that a particular party did not secure for itself a favoured treatment in this case from the office of the Iron and Steel Control. Indeed, there have been lapses in the matter of issue of Letter Orders but these lapses were applicable to quite a number of firms rather than deliberate and restricted to one particular firm—viz. Aminchand Payarelal.

As regards the observations in sub-para (iii) of Para 6.34 it may be stated that no doubt the general rules on the subject were to insist for Bank Guarantee but so far as this case is concerned, it is unfortunate that the Letter Order did not provide for recovery of surcharge. The ship arrived on 1.9.1961 and the A/T was concluded on 5.9.1961. Since the ship had already arrived, a provisional bill for surcharge was issued on 27.8.1962 and that the party was pressed to make payment. It is unfortunate that the party did not make the payment and later on came up with the general argument that their total claims against the Government were more than the Government's claims against them. However, this amount has already been recovered by adjustment against subsidy of their sister concern M/s. Surrendra Overseas (P) Ltd. in January, 1966. Thus the amount stands fully recovered.



In Sub-para (iv) it has been commented that even though a High Powered Committee was set up by the Government to settle the claims and counter-claims of the various importers and handling agents, the Committee did not take up the cases of this firm first. The High Powered Committee in its preliminary meeting held on 10.9.1965 went through the list of importers/handling agents having outstanding claims and counter claims and decided to take up the cases of M/s. Mahindra & Mahindra, Calcutta, first. By the time the P.A.C. met in January, 1966, the High Powered Committee had not yet finished the cases of M/s Mahindra and Mahindra. Before the High Powered Committee was formed with the powers of the Government, an informal Committee had been set up by the Government to go into the cases of importers/handling agents for settlement. This Informal Committee worked for a few months and did take up the cases of M/s. Aminchand Payarelal. The experience of the Informal Committee was that the cases relating to the Aminchand Payarelal group of firms were mostly complicated involving, as they did incomplete documentation, supply against release order without any contract, supply ex-stock form imported materials, supply by one out of imports made under commercial licence to the sister concern, and other claims and counterclaims of disputed nature. When, therefore, the High Powered Committee was formed by the Government, the Committee felt that it would be expedient to take up at the outset cases in respect of a few firms where the possibility of malafides was much less. The idea was that the Committee should be able to quickly liquidate certain arrears and also in the process gain experience about general types of cases which can be covered by general decisions and find out the response of audit on the decisions of the High Powered Committee. It was obvious to the Committee that it would be very difficult for them to proceed quickly and finalise with Audit the cases of the Aminchand Payarelal group of firms, if the same had been taken up at the beginning. Not only their cases were very complicated but also the numbers were large. The result would have been that the Committee would have completely got stuck with this group of firms for years together and the cases of other firms could not at all be taken up.

In view of the complicated nature of the cases concerning this group of firms it seems it will be extremely difficult for the High Powered Committee to liquidate all their cases, getting them admitted by Audit and accepted by the parties. Huge rejections of the claims by the High Powered Committee might obviously result in the party refusing to accept the decision and not paying Government due for surcharge etc. Considering all these facts Government have recently approved a proposal to refer to Arbitration all such cases of this group of firms as also of certain other firms having huge outstanding amounts of claims and counterclaims. This will avoid prolonged departmental examination of their cases.

Controller has reported that it is a fact that the irregularities relating to this firm were reflected in an audit para in 1960. However when the contract

In this case was placed with this firm, there was no ban or suspension order against the firm. The contract was placed against Tender Enquiry.

In view of the explanation given above, it is felt that no special favouritism was deliberately shown to this firm by the Iron and Steel Control Organisation. The question of fixing responsibility for the procedural irregularities that occurred in various stages is however, being looked into. The case has also been brought to the notice of the Sarkar Committee, which has been appointed on the recommendation of the P.A.C. in their 50th & 56th Reports.

### Recommendation

*From evidence the Committee find that a chain of events had occurred in this case which cannot rule out the possibility of a collusion between the firm and the officials. The sequence of events was as follows:—*

- (i) The tenders were invited but the offer was not according to the terms of the tender.*
- (ii) The parties were verbally asked to confirm.*
- (iii) The party quoting higher rates gave the confirmation while there was nothing on record to show that the second party was consulted.*
- (iv) The order was placed with the party quoting high rates and later on relaxation was given as regards the specifications of the material which was asked for by the party.*
- (v) Even when the relaxation was agreed to the implications of the relaxation were never examined.*
- (vi) The P&T Board resorted to an unusual practice of informing the party about the amendment of clause of a contract entered into by the Iron and Steel Controller.*
- (vii) Even when the Assistant General Manager had suggested that a fresh tender enquiry might be called for with the revised specifications, it was not put into effect, and*
- (viii) The P & T Board were very rigid at the outset about these specifications of the materials. But in actual practice the element of maximum elongation did not really mean much because subsequently they climbed down to a lower specification.*

*Since the matter has already been referred to C.B.I. for verification, the Committee would like to be informed of the findings and the action taken thereon.*

[Serial No. 60 of Appendix I to 54th Report—1965-66]

**ACTION TAKEN**

The recommendations of the P.A.C. have been noted. Action as desired by the P.A.C. will be taken on receipt of the report of the C.B.I.

[Dated 21-8-1965]

**MINISTRY OF LABOUR, EMPLOYMENT AND REHABILITATION**

(Department of Rehabilitation)

**Recom—**

*Owing to defects in the machine, the Grinding jobs for which it had been purchased were got done elsewhere at an expenditure of Rs. 21,000. It is also understood from Audit that the machine was jointly inspected by the representatives of D.G.S. & D., Bombay and the Divisional Manager of the Project. The Works Manager who later examined the machine reported that the machine had been "highly used before being sold." The Committee would like that the responsibility should be fixed for the perfunctory inspection of the machine by officers of the Project and D.G.S. & D.*

[S. No. 91 of Appendix—I to 54th Report, 1965-66]

**ACTION TAKEN**

In the Supply Order (as amended on 6th August, 1960) it was specified that final inspection and test would be conducted at Bombay at the Contractor's Factory by the Director of Inspection, Bombay along with Director (Rec.) of this Project if necessary. The Divisional Engineer (Reclamation) actually assisted the Inspecting Officer of the D.G.S. & D. and in his letter dated 29th August, 1960 to the Director of Reclamation, he reported as follows:—

"Apparently the machine looked to be brand new but we insisted that M/s. Pashabhai should give two certificates of the following nature:—

- (a) Machine has not been used by them;
- (b) All Electrical Motors have been tropically insulated to work under moist-humid climate."

In view of this and in view of the fact that the Inspecting Officer of the D.G.S. & D. had the primary responsibility for passing the stores, Government feel that no further action for fixing responsibility in so far as the Divisional Engineer is concerned is called for.

2. The question of fixing the responsibility on the Inspecting Officer of the D.G.S. & D. who inspected the machine at Bombay along with the representative of Director of Reclamation Organisation, Dandakaranya Project, was taken up with the D.G.S. & D., New Delhi on 26th September, 1965.

3. On a careful study of the case, the D.G.S. & D. is of the view (October, 1965) that there is no case of acceptance of defective stores and as such no action can be initiated for fixing the responsibility on the Inspecting Officer concerned. Copies of D.O. letter dated 13th October, 1965, received from Shri De, D.D.G.(I), Directorate General of Supplies and Disposals and its enclosure are attached. (Annexures I & II).

## **ANNEXURE I**

**D.O. LETTER No. DDG(I)/PO/65 DATED 13TH OCTOBER, 1965 FROM SHRI S. N. DE, MINISTRY OF INDUSTRY & SUPPLY, DEPARTMENT OF SUPPLY & TECH. DEVELOPMENT, DIRECTORATE GENERAL OF SUPPLIES & DISPOSALS, TO SHRI KRISHNA AYYAR, DEPUTY SECRETARY, MINISTRY OF REHABILITATION.**  
*Confidential*

I have studied the papers forwarded by you with your D.O. letter No. 3(39)DNK/64 dated 18/26th September, 1965. I have also studied the supplementary inspection file of the Director of Inspection, Bombay, the original file having been destroyed.

2. From a perusal of the above papers, I observe that the Grinder was inspected by the Director of Inspection, Bombay jointly with a representative of the Director (Reclamation), Dandakaranya Project on 18th August, 1960.

3. The Director (Stores Purchase), Dandakaranya Project in his letter No. DSP/P/59-69/12/9885-88 dated the 30th October, 1962 complained to the supplying firm M/s. Tractors & Bulldozers (P) Ltd., Bombay after a period of 2 years of its release, about defective supply with a copy endorsed to the Director of Inspection Bombay and others. Director of Inspection, Bombay in his letter No. N2/7703/BND dated 3rd January, 1963, intimated the full details of the tests carried out at the premises of the supplying firm in conjunction with Shri D. N. Mukerji, Divisional Engineer, a representative of the Dandakaranya Project. A copy of the above mentioned letter is enclosed for your information.

4. As reported in the 2nd para of the Audit Para. No. 54 the actual commissioning of the machine was done after expiry of the guarantee period of one year.

5. In the light of the above facts, and, on a careful study of the case, I find that there is no case for acceptance of defective stores, and, as such no action can be initiated for fixing the responsibility of the Inspector concerned.

## **ANNEXURE II**

**COPY OF LETTER NO. N2/7703/BND DATED 3RD JANUARY, 1963 FROM THE DIRECTOR OF INSPECTION, BOMBAY TO THE DIRECTOR (STORE PURCHASE), DANDAKARANYA PROJECT, KORAPUT (ORISSA)**

Inspection of the Machine was carried out by Asstt. Inspecting Officer of this office jointly with your representative Shri D. N. Mukerji Divisional Engineer on 18th August, 1960 and the same was finally accepted by them.

Details of the observations made by the officer as per records available in this office are furnished below for your information.

"Danish made Crankshaft Grinding Machine (No. 36558) model No. 2000/340 complete with electricals, Std. and extra equipment was verified by dimensions and found to be unused. The standard and extra equipment were checked and found as required by the order."

The machine was seen working for the Grinding Head travel forward and backward, table travel for longitudinal movements and the working was found satisfactory.

The working test was carried out on a Crankshaft. Two journals 14" apart were ground and on checking the diameters by means of a micrometer and the finish by means of a magnifying glass these were found satisfactory ground.

The alignment test on a test mandrel 2" dia. 24" long held between two centres with reference to the table movement was found 0.0005" per 12" length in horizontal plane, and 0.0003" per 12" length in Vertical plane tied/Bed tested for Hardness on extremes right and found to be 184 Brinnel Hardness number which is satisfactory.

Since the machine in question was inspected more than two years back viz., 18th August, 1960 and that too jointly with a representative of your organization the significance of arranging inspection at Consignee's place after such a lapse of time is not understood.

### **MINISTRY OF WORKS, HOUSING & SUPPLY**

**(Deptt. of Supply)**

#### **~~Recommendation~~**

*The Committee are unable to understand how a bulk of the order to the tune of Rs. 21.96 lakhs out of Rs. 49.85 lakhs was given to a party*

*who had not quoted at all. This in the opinion of the Committee violates the sanctity of the tender system and provides scope for favouritism etc. The Committee are not at all convinced by the argument of the 3 per cent discount as the Committee believe that it is always easy for a non-tenderer to give a small reduction to get the business and defeat the rightful claim of his competitor. The Committee trust that this question will be thoroughly looked into during the detailed investigation referred to in the next para.*

*The Committee are not at all happy at the manner in which this case has been dealt with. They desire that immediate steps should be taken to expedite the completion of the enquiry already instituted and to fix responsibility for the failures which contributed to the loss.*

[S. Nos. 117 & 118 of Appendix I to 54th Report—1965-66].

#### ACTION TAKEN

The recommendation at S. No. 117 has been noted.

The Departmental enquiry instituted against the officials concerned is in progress. The enquiry is likely to take some more time to finalise as there has been a change in the incumbent of the post of Commissioner for Departmental Enquiries, who is conducting the enquiry.

[No. 43(11)/64-PI. Dt. 7-4-67].

#### FURTHER INFORMATION

The Departmental proceedings instituted against the officials concerned have not yet been finalised action to have the same expedited is being taken.

[D.O. No. 26/21/67-PI Dt. 31-7-67].

### MINISTRY OF WORKS, HOUSING & SUPPLY

#### Recommendation

*While noting that the entire amount of over-payment has been recovered in this case, the Committee regret to observe that there was a delay of about 3 years in accepting the defects pointed out by the CTE and assessing the over-payment made to the contractor. They note that the Executive Engineer did not answer the queries of the CTE promptly which resulted in the entire claim of the Government remaining under suspense. They would like to be informed of the action taken to fix responsibility for the various lapses viz., acceptance of sub-standard works, delays in dealing with the objections of the CTE etc.*

[Serial No. 157 of Appendix I of Fifty-fourth Report, 1965-66].

## ACTION TAKEN

The amount of Rs. 54,071 comprises:—

	Rs.
(i) Price variation of steel . . . . .	34,902.83
(ii) Deviation in quantities of R.C.C. in retaining walls at pier No. 8 . . . . .	5,594.00
(iii) Defective finish in R.C.C. hand railing, curb cantilever slab etc. and shrinkage cracks. . . . .	9,000.00
(iv) Defects in finish, joints, surface, bond etc. in 1:2:4 wearing course . . . . .	3,298.00
(v) Deviation in quantity of steel in pier No. 4. . . . .	1,276.23
	<hr/> 54,071.06 <hr/>

The defects mentioned by the Chief Technical Examiner were merely minor imperfections which were insignificant in a work costing more than Rs. 11 lakhs. Some of the imperfections had already been noticed by the departmental officers who wrote to the contractor to rectify the defects.

2. The Executive Engineer was reasonably prompt in replying to the Chief Technical Examiner and in accepting the recoveries pointed out by him. The major item of recovery related to price variation of steel. For reasons beyond the control of the concerned officers, there was delay in finalisation of the point regarding price variation of steel. In this connection a chronological statement of action taken by C.P.W.D. from time to time is enclosed.

3. The Department had on 14th December, 1961, withheld sufficient amount for effecting the recoveries found due and the Executive Engineer had in December, 1961 intimated the C.T.E. that necessary recoveries would be made.

4. In the circumstances it is felt that there has been no lapse on the part of any individual and the question of fixating responsibility does not arise.

*A chronological statement of the action taken by the C.P.W.D. to finalise the point regarding price variation of steel.*

13-9-1961      The Chief Technical Examiner requested the Executive Engineer to send the details of price variation allowed since the 43rd Running on account bill. He stated that it was agreed by the Executive Engineer that for purposes of allowing price variation the rate under the same column as the purchased rate should be taken into account, that the actual rates under column 1, 2, and 3



as they existed on 24-12-1951 were being verified by him from the Iron & Steel Controller and that further information would follow, but, meanwhile, the Executive Engineer might make independent enquiries from the Iron and Steel Controller and effect suitable recoveries from the contractor under intimation to the Chief Technical Examiner.

- 15-12-1961 The Executive Engineer informed Chief Technical Examiner that copies of price circulars of steel as on 24-12-1951 being not available from the Iron & Steel Controller he had made a reference in the matter to the Superintending Engineer, Calcutta Central Circle II on 27-11-1961.
- 8-1-1962 The Superintending Engineer asked the Executive Engineer to collect the information himself by deputing somebody to the office of the Iron and Steel Controller.
- 14-2-1962 Executive Engineer made a reference to the Iron and Steel Controller.
- 22-9-1962 Chief Technical Examiner asked the Executive Engineer to furnish the information required by the Iron and Steel Controller and to obtain the rates for the various periods, preferably by deputing somebody to the Iron and Steel Controller Office, Calcutta for this purpose.
- 27-4-1963 The Executive Engineer asked the Assistant Engineer to contact the Iron and Steel Controller to obtain the information required (*viz.* rates of steel under column 1, 2 and 3 as on 24-12-1951 and the subsequent revision i.e. the rates on the dates the steel was brought at site by the Contractor).
- 4-7-1963 The Executive Engineer forwarded particulars of the materials to the Iron and Steel Controller.
- 25-8-1963 The Assistant Engineer furnished some data to the Iron and Steel Controller.
- 3-9-1963 The Assistant Engineer again wrote to the Iron and Steel Controller in response to his letter of 17-8-1963 enclosing a statement of steel received from time to time.
- 14-8-1963 In the meantime the Iron and Steel Controller wrote to the Executive Engineer confirming that rates in the statement forwarded with his letter dated 4-7-1963 were in order except for two items.
- 29-1-1964 The Executive Engineer intimated to the Superintending Engineer with copy to the Chief Technical Examiner that though the rates of purchase under various columns had been got verified from the Iron and Steel Controller

the controlled rates on 24-12-1951 and had not yet been received in spite of Assistant Engineer's personal contacts with the office of the Iron and Steel Controller.

- 24-12-1963 The controlled rates as on 24-12-1951 intimated by the Chief Technical Examiner on 20-11-1963 were furnished by the Superintending Engineer to the Executive Engineer.
- 17-3-1964 Price variation (Rs. 34,895) in steel worked out by the Executive Engineer and sent to the Superintending Engineer and Chief Technical Examiner.
- May, 1965 The amount assessed for recovery recovered in full.

### APPENDIX III

#### *Summary of main Conclusions/Recommendations*

Sl. No.	Para No. of Report	Ministry/ Deptt. Concerned	Conclusions/ Recommendations
1	2	3	4
1.	1.5	All Ministries	It is regretted that despite reminders to the Ministries /Departments the number of recommendations to which either no reply has been received or to which only interim replies have been received remains substantial.
2.	1.8	Do.	The Committee are constrained to observe that, in spite of their repeated recommendations and requests to the Ministries that replies should be furnished within three months, the majority of the Ministries/Departments have not adhered to this target.
3.	1.9	Do.	The Committee feel that the delay in initiating action on the recommendations detracts from the value of the recommendations and suggestions, particularly those which have financial implications and call for immediate remedial measures.
4.	1.10	Do.	The Committee realise that it may not be possible for Ministries to furnish conclusive information, duly vetted by Audit, within three months of the presentation of the Report to the House. The Committee, therefore, agree to extend the time limit for submitting the action taken notes/statements to the Committee to six months from the date of presentation of the Report to the House.

1	2	3	4
5.	1-11 All Ministries	C	<p>The relaxation in the time limit for submission of replies should not be interpreted as implying that the Committee do not attach importance to prompt action being initiated on their recommendations. What the Committee envisage is that the Government should draw up a well thought-out plan for processing the recommendations of the Committee as soon as a Report is presented to the House. The Committee consider that it should be reasonably possible for Government to draft the replies on these recommendations/observations within four months of their receipt and that these should be got vetted by Audit in the next two months so that final replies, duly vetted by Audit, could be sent to the Committee not later than six months of the date of presentation of the Report. With a view to ensuring that this time schedule is adhered to scrupulously, the Committee would suggest to Government that the Finance Secretary (Expenditure) should be made responsible for securing compliance, as a coordinating officer, and he could get the Financial Advisers attached to the different Ministries to watch that a final reply is furnished to the Lok Sabha Secretariat in respect of recommendations concerning the relevant administrative Ministry.</p>
6.	1-12 Do.		<p>The Committee would also suggest that Government may furnish replies to all the related recommendations of the Committee concerning an Audit para in a Report in one instalment to facilitate processing and consideration by the Committee.</p>

1	2	3	4
7.	1-13	All Ministries	Notwithstanding the normal limit of six months indicated above, in such of these cases where the Committee desire to have the Government's reply within a specific time limit, Government should make every endeavour to ensure that replies duly vetted by Audit are furnished within that time limit.
8.	1-15	Do.	In respect of a number of recommendations, which have been included in Appendix IV, the Committee observe that the Ministries have replied as 'noted'. It is not clear from such replies as to what specific action Government have taken or intended to take to give effect to the Committee's recommendations in letter and spirit. The Committee desire that Government's replies should be explicit and self-contained. In particular, where, remedial measures are called for the details of action taken should be specifically spelt out.
9.	1-17	Do.	The Committee hope that replies to the outstanding recommendations and final replies in regard to those recommendations to which only interim replies have so far been furnished will be submitted to them within the next three months, after getting them vetted by Audit.
10.	2-4	Commerce	The Committee find it very difficult to accept the plea that the Exhibition Directorate did not receive the Government's directive of March, 1951 to the effect that all insurance business should be done with the Indian Insurance Co. Association Pool. In view, however, of the circumstances explained in detail by the Ministry in their note and the fact that the insurance of exhibition cargoes has since been transferred to Indian Insurance Co. Association Pool, the Committee do not desire to pursue the matter.

1	2	3	4
11.	2·8 Education	The Committee hope that there will be no undue delay in scrutinising and publishing the remaining volume of "Gyan Sarovar".	
12.	2·11 Do.	The Committee are constrained to observe that the question of taking over 17,290 printed copies of Gyrn Sarovar (Volume-II) and unutilised paper with the printers has not been settled so far despite the lapse of nine years. The Committee will like the Ministry of Education and Jamia Millia to take early action in the matter so as to safeguard the financial interests of the Government as money had already been advanced by Government for this publication.	
13.	2·14 Do.	The Committee will like the Institute to make concerted efforts to clear the outstanding objections early, particularly those which are pending for more than five years. The Committee will also like the Jamia Millia to ensure that in future the Audit objections are disposed of without delay.	
14.	2·16 Do	The Committee note that the long pending accounts of the Jamia Millia have since been finalised and that considerable progress has also been made towards the recovery of advances given against Provident Fund and other advances. They hope that the Jamia Millia will continue to make further efforts to recover these outstanding advances and will ensure that in future recovery of such advances is not allowed to go into arrears.	
15.	2·19 Do.	The Committee note that the number of incomplete campus works projects had come down from 161, involving Rs. 33·18 lakhs, as in September, 1964 to 76, involving grants-in-aid of Rs. 28·30 lakhs in	

1

2

3

4

July, 1967. They also note that Government have since been able to obtain 16 bounds from the school authorities in respect of incomplete projects. The Committee need hardly stress that every effort should be made to expedite the completion of these projects and that in the meantime, surety bonds should be taken from the school authorities concerned for the remaining 60 projects.

16.

2-20 Education

The Committee find that the Government have since decided to transfer the Campus Work Project Scheme to the State Sector. The Committee understand that due to financial stringency, no fresh projects are being sanctioned at present. The Committee suggest that the Ministry of Education should keep a close watch on works transferred to State Sector and make a careful evaluation of the scheme with a view to frame guidelines and suitable rules and regulations to ensure that irregularities noticed in the implementation of the scheme do not recur.

17.

2-26

Do

The Committee note from the reply received from the C. S. I. R. that Government have not approved the setting up of the Pension Fund by the C. S. I. R. They also find that the amount of Rs. 26.50 lakhs representing the employers' contribution to the Provident Fund which was stipulated by Government to be refunded to them was transferred by the C.S.I.R. in March, 1963 to their current account and since then is being utilised by the Council as a "ways and means advance" without any specific approval of the Government. The Committee would like the Government to look into the matter without delay and settle the

1	2	3	4
			final disposal of Rs. 26.50 lakhs. representing the employers' contribution to the Provident Fund.
18.	2.31	Education	The Committee have, however, neither been informed of the recommendations, if any, made by the Publication Appraisal Committee nor the action taken by the Council in pursuance thereof. The Committee cannot help feeling that the need for reducing the gap between the expenditure and sale proceeds of the publications of C. S. I. R. has not been taken in all seriousness.
19.	2.32	-Do-	The Committee, however, note from the latest reply received from the C.S.I.R. in July, 1967 that the C.S.I.R. propose to set up another Committee to go into the costing, pricing and accounting of the publications. The Committee cannot stress too strongly the need for urgent action in the matter.
20.	2.33	-Do-	The Committee had also recommended that an independent body should be appointed to consider the usefulness of the publications brought out by the Publications and Information Directorate. The Committee are not convinced by the reasons advanced by the C.S.I.R. for not accepting this recommendation on the ground that the work of the Publication & Information Directorate was being reviewed by the various Editorial Boards in the publication and Information Directorate as also by its Executive Council. Keeping in view the fact that the expenditure on the publications of C.S.I. R. was of the order of Rs. 16.84 lakhs in 1965-66 as against an income of Rs. 1.10 lakhs, the Committee feel that there is need for appointment of an expert body



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			critically to examine the usefulness of the publications brought out by the Publications & Information Directorate with a view to effect economy and enhance their utility.
21.	2:36 Education	The Committee are glad to note that necessary action has been taken by the I. I. T., Bombay for conducting an annual physical verification of stock regularly by appointing stock verifiers but they note that no mention has been made by the Ministry of Education whether any action has been initiated by the other Institutes as well. The Committee would like to be informed of the action taken by them at an early date.	
22.	2:39 Do.	The Committee note that Government's proposal for the setting up an internal evaluation committee was not agreed to by the Governing Body of the National Council of Educational Research and Training at its meeting held on 11th February, 1966 primarily for the reasons that a UNESCO expert had made a comprehensive assessment of the working of the Council about 18 months earlier and that the activities of the Council were in a developmental stage. The Committee would like to draw attention again to the observations made in para 4.460 of their 41st Report wherein they had pointed out that the percentage of cost of administration of the Council had increased from 13.8 in 1962-63 to 20.9 in 1963-64. They also notice from the Audit Report of the Council for the year 1965-66 that the expenditure on pay and allowances and contingencies in 1965-66 had gone up by Rs. 41.06 lakhs i.e. 91% as compared to the preceding year. The Committee, therefore, feel that an expert Committee be	
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			set up to evaluate the working of the National Council of Educational Research and Training so that its working is guided on sound lines right from the developmental stage.
23	2.45	Food, Agriculture, Community Development and Co-operation (Department of food)	It would, therefore, appear that the measures taken by Government so far have not resulted in reduction of arrears or prevention of their accumulation. The Committee would like Government to review thoroughly the position and intensify the measures to clear the arrears and ensure that they are not allowed to accumulate in future. The Committee would in particular like to emphasise that Government should take remedial measures to ensure that amounts due from Government Consignees do not remain unrealised.
24	2.49	Do.	The reply received from Government does not indicate the break up of 6105 tonnes of food grains damaged in sea journey owing to "perils of sea" for which no responsibility attaches to vessel owners and those damaged due to other accidents, which attract shipowners' liability for damage. While the Committee would like Government to keep a careful watch on the extent and percentage of damage suffered by food-grains during ship journey owing to "perils of sea", they need hardly stress that every effort should be made to recover the amount due where shipowners' liability is attracted under the terms of shipping.
25	2.51	Health	From the Ministry's reply the Committee find that there is no such procedure for enrolling a firm on the approved list of suppliers. Each hospital draws its own list of such suppliers independently. It has been further mentioned that in so far as M/s. Guruco Pharma was

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			<p>concerned, there were many complaints from C. G. H. S. specialists about the quality and efficacy of the drugs supplied by this firm. As a result of the complaints, this firm was removed from the list of suppliers from August 63, so far as the C. G. H. S. was concerned.</p>
			<p>It is seen from the Ministry's reply that supplies continued to be procured from this firm by other sister organisations and by the D.G.S. &amp; D. The Committee feel if the medicines supplied by this firm were not of approved quality and efficacy, the matter should have been investigated thoroughly and other Government agencies like D.G.S. &amp; D. Medical Stores Depot, hospitals etc. should have been advised not to buy sub-standard medicines from this firm. The Committee would like the Ministry to evolve a suitable procedure to effect a better co-ordination in this regard for the future.</p>
26	2.55	Industrial Development & Company Affairs (Deptt. of Industrial Development)	<p>The Committee note that a sum of Rs. 1, 56, 546/- has been recovered from the defunct society. They would like the Ministry in consultation with the Accountant General, (Commerce, Works &amp; Miscellaneous) to take up expeditiously with the liquidator the question of locating Rs. 1,09, 930.65, alleged to be credited by the liquidator on behalf of the defunct society.</p>
27	2.58	Steel, Mines and Metals (Deptt. of Iron & Steel)	<p>In view of the fact that the case has been brought to the notice of the Sarkar Committee, which has been appointed by Government in pursuance of the recommendations contained in the 50th and 56th Reports of the Public Accounts Committee, they do not desire to comment on the matter at this stage.</p>

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28	2-60	Steel Mines and Metals (Deptt. of Iron and Steel)	The Committee find that the case was referred to the Central Bureau of Investigation in August, 1965. The Committee cannot too strongly stress the need for completion of enquiries early by the Central Bureau of Investigation in this and similar other cases so that departmental action can be taken without undue delay.
29	2-62	Labour, Employment & Rehabilitation (Department of Rehabilitation)	The Committee are unable to accept the Government's contention that no action is called for either against the Engineering Officer of Dandakaranya or against the Inspecting Officer of D.GS&D for the acceptance of the Crankshaft Grinder 60" which on installation, was found to give unsatisfactory service. The Committee would like Government to examine the matter again with a view to fix responsibility, for incurring an extra expenditure of Rs. 12,000 - because of issue of urgency certificate for purchasing Crankshaft Grinder 60" when more than two years were taken after receipt to instal and make it operative.
30	2-63	Do.	The Committee are also unable to appreciate the suggestion of the Divisional Engineer (Reclamation) that a certificate should be taken from the supplying firm to the effect that "machine has not been used by them". The Committee need hardly point out that the certificate should have been taken in unambiguous language to make sure that the machine had not been used by any one and that it was in brand new condition.
31	2-64	Do.	The Committee consider the discrepancy between the note recorded by the Divisional Engineer (Reclamation) dated 29-8-60 that "apparently the machine looked to be brand new", and the Works Manager's later statement that the machine

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			had been 'highly used' before being sold, to be quite serious.
32	2-65	Labour, Employment & Rehabilitation (Department of Rehabilitation)	The Committee would therefore, urge the Departments of Rehabilitation and Supply jointly to institute a Departmental Enquiry into the matter and fix responsibility.
33	2-68	Works, Housing & Supply (Deptt. of Supply)	The Committee are constrained to observe that even after one year of their making the recommendation for expediting the enquiry into the case the investigations have not yet been completed. They need hardly stress that the Departmental Enquiry should be finalised without any avoidable delay and action taken against all those who are found responsible for the lapses.
34	2-71	Works, Housing	The Committee find that the chronological statement does not make satisfactory reading. Obviously, the Executive Engineer should have taken the initiative on his own to collect the information by deputing someone to the office of the Iron & Steel Controller. The only extenuating circumstance is that the Executive Engineer had intimated as early as December, 1961 to the Chief Technical Examiner that the amount would be recovered and this was in fact recovered in May, 1965. While the Committee do not want to pursue this individual case they cannot stress too strongly the need for attending promptly to the directives and instructions issued by the Chief Technical Examiner in the Ministry of Works, Housing and Supply so as to ensure that necessary recoveries are made from the contractors for defective work and for other deviations, without avoidable delay.

Sl. No.	Name of Agent	Agency No.	Sl. No.	Name of Agent	Agency No.
18.	W. Newman & Company Ltd., 3, Old Court House Street, Calcutta.	44	29.	Oxford Book & Stationery Company, Scindia House, Connaught Place, New Delhi.-1	68
19.	Firma K. L. Mukhopadhyay, 6/1A, Banchharam Akkur Lane, Calcutta-12.	82	30.	People's Publishing House, Rani Jhansi Road, New Delhi.	76

#### DELHI

20.	Jain Book Agency, Connaught Place, New Delhi.	1	31.	The United Book Agency, 48, Ansit Kaur Market, Pahar Ganj, New Delhi.	88
21.	Sat Narain & Sons, 3141, Mohd. Ali Bazar, Mori Gate, Delhi.	3	32.	Hind Book House, 82, Janpath, New Delhi.	95
22.	Atma Ram & Sons, Kashmere Gate, Delhi-6.	9	33.	Book well, 4, Sant Narankari Colony, Kingsway Camp, Delhi-9.	96
23.	J. M. Jaina & Brothers, Mori Gate, Delhi.	11			
24.	The Central News Agency, 23/90, Connaught Place, New Delhi.	15			

#### MANIPUR

25.	The English Book Store, 7-L, Connaught Circus, New Delhi.	20	34.	Shri N. Chaob Singh, News Agent, Ramlal Paul High School Annexe, Imphal.	77
26.	Lakshmi Book Store, 42, Municipal Market, Janpath, New Delhi.	23			
27.	Bahree Brothers, 188, Laipatrai Market, Delhi-6.	27			

#### AGENTS IN FOREIGN COUNTRIES

28.	Jayana Book Depot, Chapparwala Kuan, Kotol Bagh, New Delhi	66	35.	The Secretary, Establishment Department, The High Commission of India, India House, Aldwych, LONDON, W.C. -2.	
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